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LATIN AMERICA REPORT

No. 2026

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PARAGUAYAN DELEGATE INTERVIEWED ON YACYRETA NEGOTIATIONS

Buenos Aires NOTICIAS ARGENTINAS in Spanish 1113 GMT 12 Jul 79 PY

[Interview with Senator Carlos Saldivar, president of the Paraguayan delegation on the Yacyreta Dam, by various media correspondents at Ezeiza Airport on 11 July 1979]

[Excerpt] Buenos Aires, 12 Jul (NA)--On his arrival here yesterday, Senator Carlos Saldivar, president of the Paraguayan delegation which has come to resume negotiations on the Yacyreta Dam, was interviewed regarding the compensation his government requested for the excessive flooding of Paraguayan territory due to the future dam. He stated that Paraguay is not begging for this compensation "but that it is entitled to it... And that since it is entitled to it, it will demand it."

Saldivar arrived yesterday at 1700 at Ezeiza Airport. The interview was held in a tense atmosphere due to his willingness to talk about the subject.

The following is the text of the dialog Senator Carlos Saldivar held with reporters a few minutes after getting off the plane:

Reporter: (speaking for a radio station) "Senator Carlos Saldivar, who is heading a large (nutrida) delegation, has just arrived..."

Senator: (interrupting the reporter) "The Paraguayan delegation is not large; large means something else."

Reporter: "Well, the Paraguayan delegation which has come..."

Senator: (adding to reporter's introduction) "...within the framework of the Yacyreta Binational Enterprise to discuss matters related to this work and project with the Argentines."

Another Reporter: "Senator, this means that Paraguay..."

Senator: (interrupting him) "This means nothing; ask your question first and then go on to say what it means. You are asserting something..."

Reporter: (in a firm tone) "You can not presume what I am asserting. What I ask is whether Paraguay is still interested in solving all the problems so that the project may be carried out."

Senator: "The Paraguayan Foreign Ministry issued a communique stating the Paraguayan position during the last days of May. You may now ask your question..."

Reporter: "Regarding deadlines...? Do you think there is still time to solve all the minor problems and discrepancies which may exist?"

Senator: "This problem concerns the economists and technicians. They are the ones who talk about deadlines. We, lawyers, have a wider outlook. We think as a nation. I am a parliamentarian, right?"

Reporter: "Mr Senator, I will be more precise. Is the problem of excessive flooding of Paraguayan territory still the key issue?"

Senator: "I don't know what you mean... Make your question clear."

Reporter: "Yes, I will do so. According to all the information published, which has never been denied, the problem lies in the fact that Paraguay is requesting compensation for the excessive..."

Senator: (Interrupting once again) "Paraguay is not asking for compensation. It is entitled to it, which is quite a different thing."

Reporter: "...and because it is entitled to it, it demands it."

Senator: (firmly) "...if it has the right, it will demand it."

Reporter: "Right, that was my question, and you had said it was of no importance."

At this point the Paraguayan senator had a brief laugh.

Reporter: "But I am still waiting for your answer. Does it continue to be the key issue?"

Senator: "I think I have already answered that question."

Reporter: (insistingly) "...but regarding the subject of the flooding of the territory..."

Senator: (evasively) "I think that your people, who will listen to this interview, have enough sense to understand what I have said."

Reporter: "One last question Mr Senator: Is the land to be flooded government-owned, public or private land?"

Senator: (evasively) "I am not an employee of the Real Estate Registry to be informed of such things. You will have to go to the Paraguayan Real Estate General Registry for those facts."

Reporter: "I think a senator should know that."

Senator: "No. A legislator has a broader outlook. I do not know whether the legislators here specialize in learning these kinds of things."

Reporter: "Well, but when an international negotiation of this magnitude is carried out..."

Senator: (insistingly) "I am a legislator; a representative of the Colorado Party, which is the popular party in government, President Stroessner's party. He is a leader who governs with the support of the Colorado Party, which seeks to fulfill the desires of the people."

Reporter: (trying to bring the subject up again) "How long can it last..."

Senator: (sharply) "...we have the majority, all government branches are operational; and today in Paraguay we have peace, tranquility and a true democracy."

Reporter: (insistingly) "How long can these negotiations last?"

Senator: "The time... I do not know."

Reporter: "Could this be one of the last steps?"

Senator: "I do not know. You are asking me things which are not for me to know."

The dialog with the reporters ended with this question.

The delegation which is presided over by Senator Saldivar is made up by Enzo Debernardi, director of the National Power Administration (ANDE); Miguel Bestard; Magno Ferreyra Falcon, in charge of the financial sector of the Yacyreta Binational Enterprise; Zoilo Rodas Ortiz; Alcides Gimenez; Brites Caballero; and Humberto Yaluk.

CSO: 3010

INTER-AMERICAN AFFAIRS

ARGENTINE CITIZEN ORDERED OUT OF URUGUAY FOR SUBVERSIVE TIES

Montevideo EL PAIS in Spanish 7 Jun 79 p 9

[Text] An Argentine who had become a member of a subversive organization and who had "carried out very definite activity in behalf of Marxism, was ordered out of the country. He had been tried for offense against the constitution as a conspirator." His definitive residency was revoked; he was deprived of citizenship; and must leave Uruguay.

In accordance with the Ministers of the Interior and of Foreign Relations, the President of the Republic prescribed the following resolution:

WHEREAS: The activities connected with the stay in our country of the foreigner, Carlos Ignacio Fasano Mertens,

NAMELY THAT:

- 1) The above mentioned person entered the national territory on 8 July 1957 as a tourist, and then obtained authorization for definitive residence;
- 2) And subsequently obtained citizenship papers, granted on 5 February 1969;
- 3) From the information contained in pages 23 to 29, it is learned that the above mentioned foreigner, who belonged to a subversive organization and carried out very definite activity in behalf of Marxism, was tried for "offense against the constitution, as a conspirator;"

CONSIDERING THAT:

The activities carried out by the person in the case reveal an anti-national conduct contrary to the laws of the basic principles that govern the life of the inhabitants of the republic;

Under these circumstances, his stay in the national territory is highly unsuitable;

2) Having verified the above mentioned excesses, the following measures must be taken: revocation of the administrative act that granted legal residence to the foreigner under discussion, and consequently the withdrawal of his citizenship, with communication of this determination to the Electoral Board for its purposes;

3) Since residency is the pretext of a foreigner's stay in the country, its revocation means the expulsion of same from the national territory;

IN VIEW OF: The contents of articles 75 and 80, No 7, of the Constitution of the Republic; Article 5 of Law 9,604 of 13 October 1936, and their regulatory decrees of 28 February 1947 and 5 November 1959; as well as the principles regarding the protection of democracy, contained in decree No 1,026 of 28 November 1973;

THE PRESIDENT OF THE REPUBLIC RESOLVES:

1) To decree the revocation of the definitive residency of the Argentine citizen, Carlos Ignacio Fasano Mertens, the withdrawal of his citizenship, and the expulsion of same from the national territory;

2) That the Electoral Board and the National Migration Directorate be notified of this, in order that they may act jointly with the chief of police of Montevideo in the accomplishment of their duties.

8255

CSO: 3010

INTER-AMERICAN AFFAIRS

URUGUAY TO IMPORT 6,000 TONS OF RAW SUGAR FROM ARGENTINA

Montevideo EL DIA in Spanish 7 Jun 79 p 8

[Text] "It Was Underpriced," said the president of CAMBADU.

While the Center for Sugar Industrialists proceeded yesterday to begin the importation of 6,000 tons of Argentine sugar, the president of the Center for Warehouse Keepers, Tavern Keepers, and Related of Uruguay (CAMBADU), said that the product "was underpriced before it was freed" and that that is the reason for its present price.

Sources connected with the Center for the Sugar Industries—consisting of ARINSA, AZUCARLITO, CALNL, and RAUSA—the day before said that the 6,000 tons of raw sugar will arrive in Uruguay "as a consequence of the exceptional demand for the product during recent months."

The sources indicated that there is about a 100 percent increase in the demand because—according to the sources—of the "well known market increase."

"This remarkable increase in the demand had reduced existing stocks, with the consequence that authorization was sought to import those 6,000 tons," said the spokesmen.

They also said that with a "normal" demand, these 6,000 tons, in addition to the yield from the sugar crop from the North, "should be sufficient for the market until November."

Nevertheless, they observed that if there is a continuing exceptional demand, it will be necessary to import "whatever quantity is necessary."

The industrialists also said that "the increase in price with respect to the sugar industry is on the order of 31 percent since the last sugar crop."

"Underprice"

For his part, the president of the Center for Warehouse Keepers, Tavern Keepers, and Related of Uruguay (CAMBADU), Mauricio Rovira, said that the reason that sugar is presently being sold at an average price of N \$5.50 per kilo is that, "before being freed, the price of the product was underpriced."

Rovira said that when the price of sugar was fixed, "we retail warehouse keepers had an unsatisfactory margin of about four percent."

"At present," he added, "that margin is between 10 and 15 percent, which is not a disproportionate amount."

When sugar was freed by the government (21 February), the price of a kilo of sugar was N \$3.88, which means that the present price has increased 42 percent.

During the same period (21 February until the present), wages increased about nine percent, as a result of the increase determined by the government in May.

8255

CSO: 3010

NATIONAL POLITICAL PLAN PROPOSALS, DELAYS ASSESSED

Socialist Proposal

Buenos Aires LA NACION in Spanish 7 Jun 79 p 5

[Text] The Argentine Socialist Confederation (CSA), headed by Dr Alicia Moreau de Justo, has drawn up a proposal for a "national democratic transition along the road to economic independence and social liberation." The proposal is based on four points: 1) The full exercise of the guarantees and rights set forth in the national constitution; the unfettered activities of political parties and worker organizations; 2) Defense of labor union contracts; the unfettered activities of the "internal commissions" in factories and enterprises, and the full exercise of union democracy; 3) Defense of the nation's economic and cultural patrimony, and opposition to the destruction of the state's production apparatus and to denationalizations; 4) Defense of public schools, university autonomy, freedom of culture and the free expression of ideas.

Economic Guidelines

These points, which the CSA regards as a minimum groundwork, are the culmination of an analysis that the group did on the national situation. In this regard, it maintains that since 1976 economic policy has followed "the guidelines imposed by a new international division of labor and by the Trilateral Commission." According to these guidelines, "Argentina is supposed to offer the world farm output, whether processed or not, in exchange for industrial imports," which "makes us the farmers and miners of the world." The CSA is against this policy "being pursued at the expense of industrial development and against farm development being subject to the interests of the multinational corporations."

Subsidiary Role

It also regards it as "enormously dangerous" to practice the theory of a subsidiary role for the state "to the extreme of advocating

relinquishing the development of vital and strategic areas now controlled by the state."

Other Considerations

The CSA points out that 3 years of economic policy "pursued according to the new international division of labor" have yielded the following results: a money supply 24 times greater than as of 24 March 1976; a 1978 fiscal year deficit 8 times higher than that of 1975; almost non-existent social proposals; shrunken wages that, it says, have reached their lowest level in history; a cost of living that rose 13.4 percent in January 1978 (if this pace in the struggle against inflation is kept up, it would take 18 years, that is, until 1996, to achieve an acceptable inflation rate); recession; further business bankruptcies; a higher inflation rate and low levels of income among the wage-earning middle classes.

To this economic picture the CSA adds the suspension of political activities, intervention in many union organizations, the announced elimination of the General Labor Confederation (CGT) and a "regressive and elitist" education policy.

Foreign Interference

Buenos Aires CONVICCION in Spanish 10 Jun 79 p 1

[Article by Hugo Ezequiel Lezama]

[Text] In recent days the phobia of a number of American circles regarding Argentina and its current political system has intensified, to judge by the heated attacks in the press and the monstrous lies promulgated by certain government groups.

THE WASHINGTON POST, THE NEW YORK TIMES, other newspapers and several magazines are vying tenaciously to achieve slanderous delirium. We have read things such as, now that Idi Amin's regime has fallen, we head up the list of countries ruled by bloodthirsty governments, or that after 2200 hours no decent woman would dare to leave her home and only groups of bold harlots can be seen roaming the streets of Buenos Aires. At times we get the feeling that the liberals are telling lies of projection, as if they were talking about Central Park or Washington, D.C.

Meanwhile, Argentines are divided into three groups:

1. Official government sectors which want to turn their legitimate irritation into a hostile approach to the United States, even if in word only, and to generate aggressive feelings against foreigners.

2. Economic power sectors (unofficial) that travel to the United States with the missionary spirit of converting those who have gone astray by showing them what our situation really is.

3. Power sectors (official and unofficial) that are beginning to glimpse the possibility of making changes to tailor Argentina to the taste of the American left.

The three positions are not to our advantage.

In the first case, because our spirits have been crushed by too much fanaticism and too much irrationality for us to foster a pathetic xenophobia that leads nowhere.

In the second case, because the goodwill missions are almost always directed at those who are unquestionably our enemies, whether in good or bad faith, and are thus a waste of time and effort.

In the third case, because arranging our institutions and our times in accordance with the desires of the U.S. left entails an absurd surrender with our hands, feet and minds bound.

What, then, should we do?

Two things, it would seem. The first: hold firmly to our course; the second: establish all possible contacts and alliances with the enemies that we have in the United States, who are many and powerful, even though they might not be in government.

By holding firmly to our course we mean not allowing the campaign of hostilities to destabilize the process by triggering a race towards the hasty solution of a plunge into elections. But it also means taking a look at the mistakes that we have made so that we can correct them, not in response to outside pressures but because errors ought to be rectified as a matter of justice and conscience.

By strengthening ties with our enemies there, we mean broadening the spectrum to include intellectuals, the military and the silent majority, thus avoiding dealing exclusively with the so-called "business community," because that would restrict our field of action to persons motivated by money, not by ideas.

But in order to hold our course, we have to have a clear idea of what the course is. At present, Argentina is projecting a far from solid image of itself. Foreign observers are not unaware that within the process (and supporting it) there coexist quite dissimilar currents, which waste time every day vying for portions of power or stubbornly trying to make the entire life of the nation revolve around an economic

obsession. The enemy knows that laws like the law of professional associations or of social works are breeding grounds for rival stands in keeping with different philosophical conceptions. The enemy has grasped our proclivity for a peace at almost any price. The enemy has not failed to note our failure in Yacyreta as evidence of our light specific weight as a nation. The enemy is not unaware that many Argentine state-run enterprises and a number of private financial institutions have just used their advertising money to pay for a supplement to the FINANCIAL TIMES SURVEY on our country that appeared on 30 April of this year and that spoke of Argentines as cruel violators of human rights. Finally, the enemy knows that he has followers here and establishes alliances with them in order to coordinate their assault on the process.

But we must not attack this enemy in his lair; we must vanquish him in the eyes of international public opinion. But to do so this we must export our culture, which is the finest thing that we have to show; we must place intelligence and imagination above witchhunts; we must make our love and exercise of freedom evident; we must exhibit our ability to respect the dignity of the human person. No one must doubt that Argentines are moral beings, not political animals.

Our strength lies in us being able to disagree cordially, because we are united by a single idea of nationhood. Then, once the absurd squabbles are left behind and once the race for minuscule hegemonies is over, no power will be able to destabilize the process.

But citizens cannot practice this fully unless the example comes from the summit of power and **spreads** throughout all levels of the pyramid.

We will not care whether they bark at us when the day comes that we are really galloping forward.

Modifications Suggested

Buenos Aires LA PRENSA in Spanish 13 Jun 79 p 10

[Editorial: "A Necessary Revision"]

[Text] The world situation, stemming from a new balance of power and developments such as the revolution in Iran and the Salt II treaty, and the status of our country, influenced by the delays in achieving certain basic objectives, point to a necessary reassessment of the national reorganization process.

Everything indicates that an unquestionably far-reaching stage in the government efforts that began on 26 March 1976 has concluded. Nevertheless,

it has not fully satisfied government leaders and policy-makers, as official speeches have acknowledged. We have emerged from the political and social chaos into which the Peronist government had plunged us, but more than 3 years after its fall we cannot satisfy the citizenry by merely noting that subversion has been defeated and order formally reestablished, because still in front of us is the unpostponable domestic task of morally consolidating the internal peace and modernizing and adapting our economy to a new international situation.

Therefore, we must unavoidably point out the matters on which government efforts should now focus. The first and most basic is the full-fledged reestablishment of the judicial system defined in the chapter of the constitution on declarations, rights and guarantees. The case of those detained without pending trials and without charges, on the one hand, and the legal status of those who disappeared during the struggle against subversion, on the other, must be resolved in order to eliminate a permanent cause of uneasiness and concern noticeable in all sectors of society, even those that firmly support the national reorganization process. The outside pressures that the country, inclined towards growing isolation, is subject to as a result, are a factor damaging to our destiny. The "dirty war" and the unforgivable guilt of the terrorism that unleashed it can no longer be invoked in connection with new crimes and disappearances that have not been cleared up, perhaps because vigorous enough efforts were not pursued. Authorized spokesmen of the Armed Forces have acknowledged that subversion has been defeated and also that a state monopoly on violence, in other words its licit exercise, has not been achieved, which makes coexistence among Argentines more difficult. If we cannot prevent the foreign allies of the terrorism that we put up with from negatively influencing world opinion (many of these countries, by the way, are members of the group of "nonaligned" nations, to which we inconceivably belong), then at least our authorities should not furnish arguments damaging to us, based on episodes that offend us all. In this connection, we should recall that with our Foreign Ministry looking on impassively, the "nonaligned" countries have just expressed their solidarity with the so-called "national liberation movements," most of them inspired and maintained by the Soviet Union, which is quite paradoxical and confirms the

Another matter that we must carefully attend to is the renewal and broadening of the public consensus regarding the national reorganization process. Although it is understandable that elections are being postponed until certain basic objectives have been achieved, our authorities cannot justifiably show a lack of concern regarding public protests over certain decisions and the failure to inform and consult with the governed. Government circles are always talking about citizen participation in the government, but it has not come about, inasmuch as

legislative proceedings are still kept secret and the authorities systematically ignore criticism by the opinion media, public institutions and professional chambers and groups. At the same time, sizable expenditures are earmarked for public works that no one wants, or power vacuums are assigned to prestigious government agencies that have become part of history, such as the National Education Council, thus jeopardizing, not benefiting the general interest.

Lastly, the imbalance in our economy, the highest inflation rate in the world, the intolerable deficit to finance the public sector and the contraction of gross output over the last 3 years are part of a picture that we have to change before it leads to a recession that could get out of hand.

A stage with a positive bottom line, a stage of right and wrong moves, of successes and failures, has come to an end, and if we do not realize this, the national reorganization process runs the risk of disintegrating, as has happened with other similar experiences. Political power is much more subtle and complex than it would appear from the symbols and titles with which it manifests itself or from the backings and commitments that it enjoys, which can always be revoked, because ultimately, the authority of a government lies in a broadly shared conviction as to its legitimacy. The people accorded legitimacy to the process, but in order for it to last and solidify, we must have, as we said above, clarity and vigor in the new and promising stage that must follow the one that has drawn to a close, and this new stage must mark the end of legal and personal insecurity, a dispirited public opinion and the discredited "gradualism."

After the Conquest of the Desert and after putting down the rebellion of 1880, Roca surrounded himself with true statesmen to carry out his program of "peace and administration." Just after the defeat of the 1890 revolution and in the midst of crisis, Pellegrini established order and restored confidence by an outstanding display of ability and energy. That is government.

Editorial on Proposal

Buenos Aires LA NACION in Spanish 25 Jun 79 p 8

[Editorial: "On the Political Plan"]

[Text] The official political program is behind schedule, in relation to the expectations that government and Armed Forces spokesmen awakened long ago. A political program is a much more difficult accomplishment than those who lack experience in matters of state might suppose. In one way or another, the citizenry had become aware of the documents in which

the army, navy and air force had successively and unilaterally expressed their views on a future political plan to be taken up jointly by the Armed Forces. Nevertheless, we are still waiting for the initiative that will reconcile the notions of the three branches, for the Military Junta to endorse it as the political statement of the Armed Forces and, lastly, for the National Executive Branch to enact it.

There is reportedly a desire to have the political plan contain a lengthy introduction on the ends that it is pursuing. This is no doubt the easiest of tasks to perform, but even so it could turn out to be a hollow effort. The framers of the 1853 Constitution demonstrated their wisdom with inimitable brevity and eloquence on this point in a preamble that any citizen can proudly recite 126 years later.

It is a more difficult thing to agree on how the ends will be achieved, if they prefer to dispense with the instrumental part of the 1853/60 Constitution. Indeed, the "how" of the political plan will determine the success or failure of the course that the Armed Forces intend to follow. But the time to say something is drawing near, and one of the three commanders-in-chief has ventured to predict that this will happen during the second half of the year, which begins in a few weeks.

This has to be done not only because of the expectations that the government and the Armed Forces have fostered but also because it is advisable to arrange these ideas more clearly than they emerge from the contrast between many of the elements in the extraordinary number of official writings on the issue. Since quantity is not necessarily synonymous with clarity, we have seen, among other things, that the front page of one issue of this paper contained views on one aspect of the political plan that were objectively at odds.

A political plan that sets forth for the government the four or five basic aims that the Armed Forces expect it to pursue is preferable to a voluminous, excessively detailed text that might gratify the assiduous lawyers whom military governments usually call upon to help in this sort of undertaking but that could lead to a number of errors. The first would be to unnecessarily aggravate the state of confusion. The second, to overcircumscribe the political task of the Executive Branch, which must have maneuvering room in keeping with everchanging political conditions. And the third, to take up untimely public commitments that will eventually turn out to be not the most appropriate ones.

In this regard, the insinuation contained in a certain statement that the successive steps of the political plan are potentially reversible is perhaps designed to satisfy some internal military requirement, but it does not square with what experience has taught us: once set in motion, political processes are difficult to reverse. Those who helped to

formulate the political plan of the early 1970's are in a position to give some practical testimony on the matter.

Junta's Declarations

Buenos Aires CONVICCION in Spanish 3 Jun 79 p 1

[Article by Hugo Ezequiel Lezama]

[Excerpts] It began with Admiral Lambruschini's speech on Navy Day. He was followed a few days later by Brigadier General Graffigna on the anniversary of Newbery's birth. Then on Tuesday it was Lieutenant General Viola on the occasion of Army Day, and finally retired Adm Adm Emilio Eduardo Massera speaking in Rosario on Thursday on an invitation from a businessmen's association. This was no small dose (special holidays would have to be declared so that citizens could devote themselves to a reading of the oratory directed at them), but we have to acknowledge that the flood of speeches was of high quality. That is no small thing. The words of the three junta members, with three distinct styles and a single true intention, showed that Viola, Lambruschini and Graffigna are carefully monitoring the pulse of the nation and are prepared to gradually dispel any vague elements and to begin an era of specific aims that can no longer be postponed.

But man does not live by speeches alone. Although it is comforting for us to hear the junta come out with a number of clarifications on our destiny (there will be no personality cults, no statism, and the national community will decide our future) and although we identify especially with Lambruschini's deep-seated concern for young people, there unquestionably still exists a wide gap between the junta's genuine concerns and the answers that it is coming with in practice.

And this vacuum will be filled either with positive government action or with growing disenchantment and weariness.

There are "losses of current" throughout the system of government. Instead of all its members getting to work and doing things after discussing them openly and frankly, with the nation as their polestar, a major amount of undirected energy is being wasted on secret battles among sectors that ultimately think the same. What sense does it make for group A to try and make life impossible for group B in a petty, office-to-office quarrel, when the enemy, the real enemy, has been defeated but not annihilated? Competition is a good thing as long as it is fair. But when the aim is to snatch another little piece of power, it becomes an example of depressing fanaticism. How can people who believe in the same ideas and want the same homeland continue to waste their time setting frivolous traps for each other when every minute counts in setting the nation in motion? Aren't these "losses of current" the main reason for the gap between what is being proposed and what is being achieved?

While we misuse positive energies on negative deeds, Argentina continues to lose ground in several areas, and lately foreign relations has been one of the hardest hit areas. A reservation is in order here. It is not fair to attribute this bad streak to recent foreign ministers or to the current one. Massera must have had similar concerns because when he took issue with some aspects of foreign policy in his Rosario speech, he stated explicitly that the problem was decades old, probably so as not to blame Brigadier Pastor for mistakes that have resulted from past action. But although this is true, it is no less true that the national government must restore Argentina's international image. The dispute with Chile, which was handled all too politely for many people's taste; the Brazil affair, which has still not been resolved with a comprehensive policy approach, and now the Paraguayan affair in discussions on Yacyreta, show that Argentina is projecting an obviously weak image as a nation.

Let's not even bring up what our image is like in a number of key European countries. Just ask Anchorena, our ambassador in Paris, or Victor Massuh, our ambassador to UNESCO.

We believe that these stumbling blocks cannot be overcome through public relations and advertising. Argentina is not a tooth paste, and its image must emerge readily from its cultural values, which constitute the best that we have to offer. But it is also true that there are blunders on the home front that it would cost nothing to avert and that would enhance Argentina's prestige much more than the costly advertising campaigns that we have hired foreign firms to undertake.

It is the concept of nationhood that must fuel this entire process, and it must be a fundamental, strong, clear concept rooted in our historical tradition. This concept of nationhood will help give Argentine a foreign policy objective and help avert a number of somewhat absurd contradictions.

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ACADEMICIANS, MEDIA REACTION TO UNIVERSITY REFORM BILL

In Keeping with the Times

Buenos Aires LA NACION in Spanish 3 Jun 79 p 8

[Editorial: "The University Bill"]

[Text] In these columns we have insistently called for the legal ordering of Argentine university life on a more harmonious and coherent foundation than the one on which it currently rests. Therefore, we will not repeat the arguments set forth on each occasion; instead, and in keeping with that line of thought, we will merely note that we should welcome the university bill submitted by the Ministry of Culture and Education to the National Executive Branch. Another reason for applause, which we must not fail to express, is the decision to do so publicly and to seek out the opinions of responsible sectors concerning its content.

In its broad outlines, the proposed text can be regarded as in keeping with Argentina's current historical juncture.

The aforementioned ministry has expressed its view that in the future we should come up with another law that covers a wider scope. This reflects the notion that we should consider other prospects for university institutional life in the future. This, then, is the basic point of departure for assessing the worth of the bill. It is unquestionably desirable, in fact, that Argentina be able to structure in the future a university framework in which the scope of academic autonomy, especially with regard to the choosing of the highest authorities of institutions of higher learning, will be substantially broader. The time ought also to come when student participation entails rights other than those granted at present and when certain bans on partisan political activities become unnecessary because of the very nature of the prevailing social situation.

However, for the moment, while the country recovers slowly and painfully from its recent wounds and from a pitiless war of subversion that focused its ideological activities precisely on centers of higher learning,

we cannot but acknowledge the timeliness of the provisions that the current bill contains in connection with these issues and that our readers were able to study in their entirety in yesterday's edition.

To an appreciable extent the text made public is visibly based on Law 17,245, issued in 1967, about which we said on numerous occasions between then and 1972 that the very administration that had handed it down had inexplicably failed to enforce it. Thus, for the same reasons we should now voice the following advice in connection with the temporary provisions of this new bill. If it is passed, the government must make every effort to see to it that those temporary provisions are enforced without delay, in other words, that the educational institutions are organized over an appropriate period of time so that the mechanisms of university governance set forth in the law can be set in motion and so that the law becomes a concrete reality, not an unfulfilled hope.

These initial general comments are not the place for a detailed analysis. We might only add that the proposed arrangement does not differ significantly from a longstanding national tradition in this area. We cannot now prudently take issue with the views whereby the governance of universities remains in the exclusive hands of the faculty, and on the other hand we must praise the decision to grant institutions of higher learning greater administrative and financial independence, with the intervention of supervisory fiscal bodies after pertinent decisions are made, so as not to hamper the necessary and appropriate streamlined handling of budget funds.

Article 19, which demands moral integrity and identification with the nation's values and principles and bans the dissemination of or adherence to totalitarian or subversive political concepts, expresses an honest intention but in practice could eventually become uncondusive to those ends or serve causes opposed to the ones that it now aims to defend.

A number of clarifications are debatable, such as the required observance of conditions set forth by the Executive Branch for admissions tests or the admissions requirement of a secondary studies certificate, as well as the standardization of the faculty scale in accordance with their work loads, because work loads cannot be gaged by timetables, as the bill does, which are admissible for other kinds of activities but not for educational or academic pursuits.

Objections could also be raised to the identification and obligatory appointment of professors on a competitive basis in all cases and to the system of stability or of appointment for a specific term. It would have been better to leave such details up to each individual institution, since in any case the respective bylaws will always have to be approved by the Executive Branch.

The law provides for the possibility of subsidizing studies, and in this regard, contrary to what we said in the previous paragraph, we feel that each university is being given excessive and even dangerous room for action.

We should keep one final thought in mind: no matter how fine its wording, a law is only a framework within which university life can be ordered legally and operationally. The academic and scientific quality, the dignity, in short, of Argentina's universities is not the result of a law but of a sum total of circumstances and wills in a country in which authorities, scientists, scholars and educators alike carry out their will and determination to achieve that status.

CHUP Explains Posture

Buenos Aires LA PRENSA in Spanish 5 Jun 79 p 9

[Excerpts] The Board of Presidents of Private Universities (CHUP) has stated its position concerning university policy in a 15-page document dated 31 May that was delivered on Friday to the Ministry of Education.

The Document

The document points out that "the CHUP has noted in previous ministerial performance in this area the dangers of a one-sided handling of university problems."

"With their advantages and their shortcomings," it says, "Argentine universities have been fulfilling their academic and lofty cultural enhancement functions in spite of the serious difficulties that they have experienced and are still undergoing today. Universities are essential institutions of the republic, some of them with roots that predate the birth of our nation."

Its Position

"During the last two ministerial terms and in contrast to presidential indications, we have noticed that whereas on the one hand the statement was made that the principle of the freedom to teach and learn was respected, in practice a contradictory policy was being implemented, aimed at infringing on that essential right of Argentines."

Regionalization

It then analyzes the terms "regionalization" and "overhauling," stating that the mistake was made of not clearly articulating the viewpoints and substance that would provide the groundwork for such a university policy.

This is the result, it says, of the predominance recently attained by certain technocratic groups at the intermediate levels of the administrative branch, which in exalting the "region" lose sight of and even weaken the precedence of the "nation."

The University Law

"We are worried," they say, "that we have not been able to voice an opinion on the first draft of the law on national universities, especially since it contains three articles that affect us."

"We must express our dissent to the minister, because in the first place a legal system is being proposed that affects us but we are not consulted as to its formulation."

The board also feels that the law entails "criteria that affect the independence of universities set forth in Law 17,604"; the reference is to the ban on politics in university life, which because of the way it is formulated, objectively impairs freedom in the classroom. "Secondly, if these reports are confirmed, the regulations on university coordination mean that all of our universities' academic programs will be condemned to insecurity."

Academicians Express Harsh Criticisms

Buenos Aires CLARIN in Spanish 14 Jun 79, 18 Jul 79

[14 Jun 79, p 34]

[Text] Cordoba (from our agency)—Architect Patricio H. Randle, a professor at the National University of Buenos Aires and a CONICET [National Scientific and Technical Research Council] researcher, has asserted here that "one of the features of the current university situation is that we are again seeing the pendulum swing in a direction that we have seen before in the cyclical process that we have seen repeated more than once. This cycle ranges from unruly demagoguery to order without a creative spirit."

He added that "perhaps one of their fatal characteristics is the inability to renew themselves, which is a chronic symptom of Argentine universities. So far, no one has been able to change this unfortunate fate, neither reformists of any persuasion, nor, of course, the usual complacent individuals. Meanwhile, the swings of the pendulum gradually undermine the foundation of the institution and corrupt it, and it loses its importance within the nation."

"As long as the university is not adapted to meet the pressing problems affecting it, these problems are going to intensify. Excessive growth, which was momentarily halted, and halted too late and at unacceptable levels, can recur again at any time. There is a continuing lack of

control over the large universities and the system as a whole, and in any case things are getting out of hand again, thus accomodating the centers of the subversion that had tactically retreated to its winter quarters until the next civilian government."

Randle, who spoke at the Foundation for Social and Economic Action (FASE), contended that when we talk about the universities, we should ask ourselves: "What universities? Because strictly speaking, there no longer are any. There are departments, each with its professional distortions, its inherited defects and its inability to overcome its isolation and small-mindedness."

"What kind of universities are these that do not have an infrastructure?" Professor Randle asked, adding: "They hardly have any buildings, which are acceptable at best, and underpaid, poorly dedicated professors, but nothing else."

He later asserted that since 1973 there have been "mere circumstantial improvements, improvements that, moreover, exist parasitically, lodged in the folds of military power, and when the latter open up, the improvements will be left unprotected, defenseless, at the mercy of partisan demagoguery or at the whim of a new military or naval caudillo of a populist democratic nature."

After posing the question, "Why don't we renovate the universities?" Professor Randle asserted that "governments fear the university. No one would dare. People confuse the basic university problem with the political and student problem. A university free from strikes and student unrest is considered an acceptable university. No government wants a university to pose the slightest headache for it, even though it accepts them from union leaders, politicians and the economy."

He asserted that no one is proposing in-depth, true, enlivening, refreshing reforms and that "politicians have never understood the university or understand it less than the military, who do not have the duty to understand it because they never passed through its classrooms."

[18 Jul 79, p 24]

[Text] Five specialists in educational matters met last Friday at the Central Association of Architects to voice their views on the issue "The Timeliness of a University Law." On the initiative of the Institute of Information and Studies on Social Sciences and Education (IIECSE), Francisco Garcia Vasquez, Emilio Fermin Mignone, Norberto Rodriguez Bustamante, Gilda de Romero Brest and Rosa Maria Russovich made up the panel, which was coordinated by Donatella Castellani.

A Political Law

Garcia Vazquez, an architect, said that "this law, which is meant to seem apolitical, is totally political, inasmuch as its main and leading elements are politically determined. In general," he added, "I consider the law elitist, conformist and totally and dangerously subordinated to the Executive Branch. It is a law that goes against the prevailing winds in the world."

Further on, Garcia Vazquez stated that the law seriously contradicts itself because it bans political activity (Article 4) and "in contrast, Article 74 states that university policy is up to the National Executive Branch."

Elsewhere in his speech, Garcia Vazquez said that "the wording of Article 38 is not at all gratifying, to the effect that 'education towards a degree can be subsidized'...and it deceivingly says that a system of scholarships, grants and student loans will be established for this purpose. What would really provide equality of opportunity would be for university education to be free."

Gilda de Romero Brest

"With regard to the timeliness (of the law), we should broach the problem of what the government's priorities are," Dr Gilda de Romero Brest said in her address. "Argentine universities," she went on to say, "are currently undergoing a profound crisis that affects precisely the goals and functions regulated by the instrument that we are commenting on. We feel that the ills besetting universities cannot be resolved by laws and deserve to be given top priority by the government."

Mrs Romero Brest said later on that "the law also seems to order the universities isolated from national realities," inasmuch as with regard to functions it states that they can study the problems of the community and propose solutions "when the corresponding organizations so require." The educator complained that "this kind of university is dissociated from the country's realities and dedicated to the pursuit of knowledge for the sake of knowledge."

Statements and Realities

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In his remarks, Dr Emilio P. Mignone commented that "the substance of the legal regulation is being hotly debated...without people realizing that life and history continue on, happily or tragically, without caring one iota about legislators and their laborious studies. There is a certain paranoia among leaders that makes them believe that reality resides in their supposed ideas and statements, whereas they should be adapting them to facts as they stand."

He then added: "And this is the case, I would almost say in particular, among ministers and university presidents who scream at the top of their voices in the attempt to demonstrate, as the current ones are, their adherence to a realist philosophy such as the Aristotelian-Thomist philosophy, which, in fact, defines truth as the adaptation of thought to reality. The fact is, they are also paranoid in this regard, mere parrots of formulas, ideologues who wallow in the vacuum of their own pride, flying in the face of life and history."

Rosa M. Russovich

Professor Rosa M. Russovich, a member of the IIECSE Executive Committee, said for her part that "it is not enough to merely call for a dialog if the responses are not listened to so that they can lead to real changes."

She also pointed out that "the country needs the universities, which must be part of the country so that their activities and their very existence make sense and so that the people in them can participate in national life and contribute to its development."

Conclusions

The following are some of the conclusions drawn by the coordinator of the roundtable: "The university is viewed as inseparable from the context of the society in which it exists"; "the university bill can only be part of a national bill, specifically, an overall educational bill"; "the university bill can be drawn up only with input from all of the interested sectors" and "it is essential to establish in the universities the standards of democratic interaction that will enable all of their inherent components to participate."

Caturelli, Fayt Comment

Buenos Aires LA NACION in Spanish 19 Jun 79, 25 Jun 79

[19 Jun 79, p 9]

[Comment by Dr Alberto Caturelli, a Catholic philosopher, professor of philosophy at Cordoba National University and the author of numerous works in his field]

[Text] I will not discuss political, procedural or other similar aspects, only those relating to the university and to nationwide issues. We all realize that the law is a tool and that a university consists of flesh-and-blood persons that no law can change overnight.

I am in complete agreement with the declaration of the purposes of the university (Article 2) and also with placing scientific research at the very core of the university (Article 3). However, more emphasis should be placed on this, inasmuch there is no teaching without research, and there is no research that does not call for the act of teaching. A

university that does not do research, from the humanities to empirical science, is not a university, and those "universities" that do not reach a minimum level in this regard should be closed down. This true national disgrace, which has been the foundation of many "universities," would be partly corrected in this way.

The rules of governance ought to specify that one of the requirements for university office, from president to adviser (Articles 42, 45, 52, 55, 56), is "to be or have been a regular professor selected on a competitive basis." The same requirement should also apply to directors of schools, departments, institutes, etc. The Argentine experience requires such a stipulation.

With regard to work load (Article 30), special care should be taken to clarify that the required hours are a minimum equivalent of work, not a mere "physical" presence that levels out on the low side. The following Article 30 bis should be added: "All full- and part-time professors are obliged to submit an annual report to the Academic Council with proof of all the work they have done. The Academic Council will then accept or reject it. Two successive rejections entail automatic termination of employment."

I am (and I always have been) in agreement with banning all political activity, but such a ban has no effect whatsoever unless those who profess subversive ideology are specifically prevented from becoming teachers or administrators. I am referring to Marxism, which by its very nature require subversive activities. A purely academic Marxist is inconceivable, and Lenin was right in condemning them.

Our country, which has overcome Marxism with the blood of its sons, cannot allow itself to be defeated in the universities and in culture, where imperceptibly but efficaciously Marxism is again apportioning its reserves. That is why I am not in complete agreement with Article 22: "Teachers will enjoy full freedom, etc" No. Teachers will not enjoy full freedom to instruct and do research, if their pedagogical and scientific approaches are imbued with dialectical materialism, whether explicit or concealed. There should be no freedom or freedom in the classroom (values that I have always upheld) for those who intend to suppress all freedoms and the university itself (Gramsci, Althusser). The university as a body should join the nation's mobilization against their number one common enemy. If it does not do so, it will fail to observe Article 2 on the general goals of the university and will be at odds with Article 19, Section c of the bill. This requirement also applies, of course, to private universities. It is absolutely essential to take practical and effective precautions to rule out the possibility of Marxists applying for university positions. In this same regard, the following Section d should be added to Article 27 on reasons for dismissal: "disseminating or adhering to dialectical materialism."

These, then, are the two facets, relating to the university and to the nation, that are interconnected.

[25 Jun 79, p 11]

[Comment by Dr Carlos S. Payt, a regular professor of political theory and constitutional law at the universities of Buenos Aires and La Plata, president of the Association of Attorneys of Buenos Aires, associate justice of the Supreme Court of the Nation, regular professor of social policy at the University of the Argentine Social Museum and guest professor of CIESPAL (Economic and Social Council for Latin America) and UNESCO]

[Text] The interaction between university and culture has historically been variable. Our complex historical process has had its impact on the vicissitudes of the university. Thus, it is not unusual that the university bill should impose an authoritarian structure on national universities.

Beyond the declaration of goals and functions, legal system, powers, academic organization, academic degrees, economic system and university coordination, the bill's key elements are the spirit behind it, the decision-making centers and, last but not least, the organization of university governance.

All of the following are in the hands of the National Executive Branch (PEN) approval of the university bylaws (Article 43, Section b); the appointment of university presidents (Article 46); the appointment of vice presidents as proposed by the presidents (Article 49); the elimination of major fields of study and doctorates as proposed by the Higher Council (Article 50, Section b); the establishment and scope of titles and degrees and, when appropriate, the professional duties of the respective faculty or faculties (Article 50, Section c); the appointment of deans as proposed by presidents (Article 53); the regulation of duties corresponding to professional degrees (Article 61); the approval of associations set up by universities to facilitate the attainment of their goals (Article 73); the formulation and orientation of university policy, general planning of sector activities, coordination with the system of education, research and national planning (Article 74), and the right to take control of national universities (Article 7).

This structure is complemented by a ban on all political activity, the exclusion of students and graduates from all bodies of university governance, the exclusion of the faculty from the Higher Council and the exclusion of adjuncts from academic councils.

Their dependence on the PEN makes the universities agencies of the status quo. Order and discipline are supreme.

The obsession with barring entry to activist groups of the traditional totalitarian left or of the new nihilist and death-worshipping left has led the bill's authors to draw up an instrument that closes up or shuts in the university community. Thus, the faculty is not given any status, and there is a failure to understand that students have claims to self-expression. Graduates are ignored, and more seriously, so are professional associations, which take in these graduates and are in charge today of post-graduate courses and the defense of their interests.

Professors, students and graduates are the essence of university life. Strictly speaking, a university should consist of teaching, research and dissemination bodies that exercise a suitable educational and creative function to convey and expand contemporary scientific and technological knowledge; it should not be a degree factory or an entity alien to the Argentine cultural panorama or a source of indoctrination that impairs the nation's right to cultural self-assertion. The university is committed to the nation, not to a sect, church or dominant party.

Universities must have total control over themselves and autonomy in order to achieve their goals. The structure of autonomy is built entirely around the faculty, and if a tripartite governance is rejected, the bill should at least permit the voting participation in all bodies of students and graduates, the latter through their professional associations. All of this means that the authoritarian principle behind the bill must be replaced by the principle of democracy. This is a simple task if those who make the decisions practice democracy as a lifestyle; it is a difficult one if they regard censure of other ideologies as a means of defending their own.

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ARGENTINA

EXPERT SAYS PERONISM CREATED TOTALITARIAN LABOR MOVEMENT

Buenos Aires LA PRENSA in Spanish 6 June 79 p 4 sec 2

[Report on a speech by Dr Hector Ruiz Morenos, director of the Labor Study and Research Center of the Law School; author, date and place not specified: "Democracy and Unionism"]

[Excerpts] "Unionism as a socio-economic institution arose spontaneously within the modern liberal democratic state, and as such, it is a natural and genuine manifestation of it," asserted Dr Hector Ruiz Morenos, director of the Labor Study and Research Center of the Law School, in a speech on "Democracy and Unionism."

"Democracy as a form of government and as a way of life," he added, "cannot be threatened by the organized labor movement unless governments seek basically to draw their strength from the unions' power, unless political parties achieve electoral victories based on the votes of unionized workers, and unless public opinion seeks to ignore any problem or question that goes beyond merely private interests."

"If these possibilities should occur," he declared, "it would not be fair to blame unionism as an institution for the disappearance of political, economic and social democracy in our country. It would have died at the hands of all the Argentine people."

New Functional Structures

At the beginning of his speech, Dr Ruiz Moreno outlined the most common opinions regarding the relationship between democracy and unionism and said that he agreed with the belief that "in the near future, unionism will bring about a notable change in the present economic and social structures and that this will determine a more peaceful and evolutionary change in the contemporary forms of representing the different interests of society within the state."

He added that unionism will offer "a new functional structure in which the workers' interests will fit harmoniously in a subordinate relationship, like any other substantive interest of modern society."

He added that the criterion that has been set forth maintains that "without changing the essence of the concept and theory of democracy, unionism will contribute new instrumental and administrative kinds of expression, and the materialization of that form or system of government."

Expression of Democracy

"The changes--a product of union activity that have already begun to occur in the administrative, economic and social structures these days, and which, in the not too distant future, will become accentuated and will intensify exceedingly--are but expressions of a genuine and delayed democratic achievement in the fields of activity of labor and the creation of goods and services," he emphasized.

"It is rescuing the benefits of democracy--which those leaders who initiated and continued the French Revolution artfully seized from the masses, limiting them to a particular social class, the bourgeoisie--the fundamental principles or foundations of that transcendental revolution that are contained in its well-known axioms: liberty, fraternity and equality."

The speaker then explained that, in order for mutual benefit to exist between democracy and unionism, "it is necessary for the latter to offer its services and to act within its specific objectives, as a genuine and natural expression of the legitimate interests of a socio-economic sector of society, not as an instrument to serve the private aims of a particular government or the efforts of the different political parties."

"The bourgeoisie did not want radical change in the economic and social areas so much as it did in the political area," he said, "because it already controlled the management of economic production. This, together with financial activity, would soon transfer the country's wealth to the new ruling class."

He then noted that the appearance of mechanization broke off the unity between capital and labor that had been characteristic of the craftsman's shop, and created a new type, the entrepreneur, who "took for himself property, management, responsibility and practically all the income earned by the industrial process, giving the worker a fixed and limited remuneration as compensation for his efforts."

Appearance of Unionism

He then pointed out that unionism arose as a result of "the need to unite to defend more efficiently the workers' yearnings for better living and working conditions. However, when this occurred,

the political system that grew out of democracy had already been structured and the tides of opinion had grouped into organized parties with capable and experienced leaders."

To establish economic equality, he added, the working masses could not resort to the traditional political parties because they were solely occupied with fighting for political equality or lacked the sensitivity "to understand the just demands of their proletarian countrymen."

Lacking experienced leaders in the beginning, and being strongly influenced by socialism and later by communism, "one can understand," said the speaker, "that the workers' movement would appear in the eyes of many as a force that would dissolve democracy and one which should be blocked."

In Argentina

Later on, the speaker took up the topic of the situation of unionism in our country, noting that although its general structure could correspond to a socialist ideology, originally it was also composed of representatives of other tendencies and it acted and achieved its goals through democratic procedures.

He added that the advent of Peronism decapitated that union movement and implanted a harsh, totalitarian union system.

"Today, that anti-democratic unionism continues to exist covertly," he said, "and it is soon to return to its true forms of tutelage and control over its affiliates, unlike an organization for the defense of the rights and legitimate interests of the workers."

He then emphasized that "the union organizations, with their present structures, are a permanent temptation for any government or political party that does not have a real ideology or democratic foundation. Merely by reaching an understanding with the top union leadership, one has a large bank of votes to draw on, a proven propaganda organization and multitudes of well-indoc-trinated street demonstrators."

Noting that the present structure of Argentine unionism corresponds to causes that are foreign to it and which do not compromise the institution or its objectives, he said he felt it is infantile to believe that "with legislative changes alone, we will be able to banish the moral, institutional and ideological corruption that marks Argentine trade unionism today."

He indicated that in that sense, action should be more vast and should be carried out "not only by public authorities, but by the democratic political parties and by business enterprises of genuinely liberal persuasion."

Conclusions

"Unionism, true, organic and responsible unionism," emphasized Dr Ruiz Moreno, "is a force that is engendered in society that seeks to achieve in reality equal economic opportunities and to give labor a greater and more just participation in the benefits of their creative endeavors in the production of wealth."

"What I have said above is a part of the concept of democracy understood not only as a political system, but also as a kind and an integral way of life. The intensity of the changes made by unionism in the future in the economic and social systems will be determined by the degree to which these systems are true expressions of integral democracy," he concluded.

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DE HOZ: TARIFF GUIDELINES WILL PREVAIL

Buenos Aires LA PRENSA in Spanish 19 June 79 pp 1, 6

[Report on 18 June radio interview with Dr Jose Alfredo Martinez de Hoz, minister of economy; author and place not specified; "Exchange and Tariff Guidelines Will Not Be Changed"]

[Text] The minister of economy, Dr Jose Alfredo Martinez de Hoz said yesterday during a radio interview that the guidelines governing the plan of gradual reductions in tariffs for public services will not be changed.

The official added that those who "gamble on inflation" and "bet on devaluation" may incur a difficult situation for themselves and for the whole economy.

In another area, the economy minister stated that regarding meats, the government does not intend to limit exports drastically, but rather to reorganize the market. He promised that "it will not adopt measures that are incoherent with the principles of its programs." Martinez de Hoz also emphasized that from 1975 to 1978, average productivity per agent in public service enterprises increased by 36 percent.

Consulted as to whether the enterprises would not again have problems with tariff levels, the minister replied that "we are also applying the guidelines, adding that "just as the published guidelines in some way curtail the activity of private sectors, or attempt to hold it within their levels, they also act in an identical manner on state enterprises."

"Sometimes," continued Martinez de Hoz, "we are accused of not applying the same rules to the private sector as to the state enterprises. That is not so. The system of "decreases" is in force for public services, for growth over the guidelines would cause an interruption of funds from the treasury and also of access to credits. So, he said, "perhaps it is not even appropriate for me

to call for a general reflection, which serves the public sector as well as the private sector. I have noticed," said Martinez de Hoz, "a certain state of mind in some people who believe we are going to change the guidelines around the end of the year. That is," he said, "there are people who are already betting that there will be a major devaluation and a major monetary expansion towards the end of the year. That is, they are betting on a change in these two guidelines that we have established."

Warnings

In another section of the report, the minister warned: "I want to repeat this publicly so there will be no surprises. We are not going to change these guidelines. That means," he added, "that anyone betting on devaluation or on a major monetary expansion to validate undue increases in prices and domestic costs is going to be mistaken and is going to place himself in a difficult situation. And what worries us," continued the official on this matter, "is that not only that individual will place himself in a difficult position, but that it may bring on a difficult situation for the whole economy. We would not like to see another downturn in economic activity due to a lack of monetary resources to meet undue price increases, or due to an insufficient exchange rate, because the rate of price and cost increases have reached excessive levels."

Unalterable Guidelines

"We believe," remarked Martinez de Hoz, "that here again is a challenge that has been thrown out to all sectors of the nation. We are going to maintain these guidelines and we are going to maintain them unalterably. So I believe it would be a positive thing," he said, "for people to stop gambling on inflation and betting on devaluation as quickly as possible so that, on the contrary, they might adapt their conduct and that of their providers and the whole marketing and distribution chain and make this effort together with us."

Here the official noted that the private and public sectors must converge in the fight against inflation, insisting that it must be done "with a decrease in costs and domestic prices, and not the reverse, because we are not going to change the guidelines. If this convergence does not occur, I warn you now so that if it happens later, it will not be said that this is something caused by us, but rather by those who refused to adapt to the guidelines and decided to proceed in other directions."

Meat

Consulted about prices on cattle and meat, Martinez de Hoz said that a strong rise in demand and price volumes is occurring.

Meanwhile, the other countries have not been producing very much, which has given Argentina a windfall of important orders. He asked, however, that we bear in mind certain circumstances and not fall prey again to the euphoria that was felt about national price levels in 1973, because the petroleum crisis could again have repercussions resulting in a decrease in demand.

"Excessive euphoria," stressed the minister, "believing that there is no limit to this, is imprudent. Besides, we must remember that one of our advantages has always been the ability to compete with prices that are somewhat lower than those of our competitors. That is," he warned, "if domestic prices also climb very high, there comes a time when we will price ourselves right out of the international market. In a way, this occurred in recent weeks when a lull in demand was noted because domestic prices had exceeded the levels that some of the purchasing countries can afford."

Limits and Agreements

"We must avoid reaching the limits of a liquidation of cattle," warned the minister: that is, we should have a supply that is sufficient to meet demand and should avoid great peaks and fluctuations in prices, which I believe do no one any good. In the first place, they do the producers themselves no good, for they feel a sense of euphoria over price increases and then experience a great decline and depression like the one suffered from mid-1974 until the middle of last year."

Martinez de Hoz recalled that the government is seeking to reorganize the market and not to limit expropriations drastically, so that they may be carried out in the best possible way."

Asked whether the Ministry of Economy was seeking an agreement with sectors participating in exportation regarding the desired regulations, Martinez de Hoz replied that "there may or may not be an agreement. Sometimes they are hard to achieve. I believe that perhaps there may be some kind of measure that can be taken that would lead all sectors participating in this process toward behavior that would avoid excesses. That is," he added, "avoiding excessive concentrations of demand for exports within a period of a few weeks, such as occurred last May, which was a totally abnormal thing."

"What I mean is," he continued, "that we should avoid abnormal behavior. This would have to come about naturally through an attitude of good judgment on the part of the interested parties. Unfortunately, sometimes this does not happen because people become very enthusiastic over the high prices and seem to lose control over their own actions."

At the conclusion of the interview, the minister spoke of facing this challenge seriously and promised not to take any steps that are improvised or incoherent with "our basic, fundamental principles. The markets are open and free," he said, "but this freedom should be exercised with responsibility."

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FRIGERIO SEES SIGNS OF ANTIMILITARY TENDENCIES

Buenos Aires LA NACION in Spanish 3 June 79 p 12

[Report on a speech by Rogelio Frigerio; author, date and place not specified; "Economic History and the Present Situation"]

[Text] Analyzing the present economic process, Rogelio Frigerio expressed his deep concern over the course of events and noted that it could affect the political picture, in which we have already observed "growing signs of skepticism and renewed outbreaks of an anti-military attitude that is totally harmful to the progress of national life."

During a talk that he gave on "Economic history and the present situation," Frigerio stressed the fact that "the economic leadership has no small responsibility for that state of affairs. Invariably it emphasizes that its plan is the plan of the Armed Forces. Those of us who know the industrialist vocation of the Armed Forces--out of whose midst have come men such as Mosconi and Savio--have no doubts that they are not identified with what is being attributed to them."

Recalling Argentina's economic history, the speaker remarked in one part of his speech that "free exchange was maintained until the 40's despite the warnings of a man of such academic training as Alejandro Bunge, and of a businessman such as Luis Colombo. The new development was the 1930 crisis, which was confronted through a procedure that has oft been repeated and is presently being applied. Instead of solving the crisis by changing the productive structure, they chose to transfer its effects to the lowest income groups. By so doing, they succeeded only in accelerating the overall impoverishment of the community."

"After 1955," he added, "with the sole exception of Frondizi's government, the lack of restraint in public expenditures continued and industrial protection levels were continually lowered. Also, they resorted to a wage and price freeze, political tariffs,

the arbitrary management of money and exchange rates, and to the whole arsenal of measures that seek to attack the effects of inflation and not its causes. The diverse ideologies that followed offered different arguments but resorted to the same concrete measures. These measures are being applied now, under conditions in which the productive structure has less capacity to assimilate them, and with the grave consequences that have been evident for some time."

Finally, Frigerio noted that "we are at the point where we must quickly break down all the skepticism and mistrust, to create a totally new national situation." He urged that "the country be definitely set back on its feet, immune to international intrigue and to attitudes that seek to profit from its present weakness."

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ARGENTINA

ZIMMERMANN SAYS INFLATIONARY MEASURES HAVE BEEN EFFECTIVE

Buenos Aires LA NACION in Spanish 6 June 79 p 17

[Text] Mar del Plata.-- The vice president of the Central Bank, Dr Christian Zimmermann, said in a press conference that the results of the economic development have been highly positive, even considering the difficulties that remain to be overcome.

With respect to the influx of imported merchandise, he noted that "it is one of the urgent solutions that the country needed and was adopted after long thought and a discussion with all the interested sectors." Particular cases of eventual distortions of the tariff reform "would have to be channeled through the Secretariat of Commerce," he said. He made it clear that he does not believe that just because an industry may not be efficient on an international level and may withdraw from working in that area, it will cause unemployment and a lack of opportunity for manpower, for there are other activities in which it is absolutely needed.

Consulted about prior statements in which he had asserted that inflation was dead, he said: "I meant exactly that: inflation is dead. In Argentina, authorities have traditionally attacked the effects of inflation, not its causes. Attacking the effects produces spectacular results in the short run, and then a resurgence of inflation. If you attack the causes, the effects may persist for a time, but its roots are dead. I am absolutely convinced that we have taken all the steps necessary to attack inflation at its source."

With respect to the meat market, he declared that he was against the adoption of controls because "they are effective only temporarily." Regarding the minimum capital for financial institutions, he predicted that the circular introducing the modifications would be fully ratified "and there would not be any changes."

Clean Up the Market

Referring to the guarantee on deposits, he said that probably this month "we will have a new system of regulations," but that he was not able to state whether it would be totally identical to the one proposed by the authorities. He then noted that the Central Bank has closed more institutions in one year than in all of its history, and that "this is the product of our firm desire to clean up the financial market."

Finally, he said that managing the exchange rates is one of the easiest tasks at this moment because of the quantity of foreign reserves and that the announced plan regarding the price of the dollar will be carried out normally.

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ARGENTINA

PROFESSIONALS OPPOSE INCOME TAX

Buenos Aires CLARIN in Spanish 4 June 79 p 9

[Text] A group of leaders from the university professions have voiced their rejection of the municipal ordinance by which, following directives of a national order handed down by the Secretariat of the Treasury, a tax on gross income was reimposed on the practice of liberal professions that are not organized in the form of enterprises. Prior to this year, the tax had been levied only on professionals who were organized members of an enterprise.

In a round table held at the headquarters of the Argentine Association of Maxillary Orthopedics, the representatives stated the reasons for their opposition to the taxation, agreeing in their perception of it as the culmination of a series of measures that lead to a "devaluation of the work of the professional," to his "proletarianization and discouragement, and to the emigration of talent."

Opinions Agree

One of the speakers who participated in the meeting was engineer Alberto Constantini, an official of the Argentine Engineers Center, who, among other ideas, said: "I do not understand the meaning of this tax on intellectual work. This zeal for imposing taxes has been growing lately, with an imbalance that is growing continually greater. We are more and more confused with the results of this economic policy that is supposed to put an end to inflation and yet keeps it at 170 percent annually."

"The minister of economy," he insisted, "who not just recently, but for some years now has become transformed into a prime minister, creates a lack of incentive that has now turned into an injury to the professionals." He cited his own case as an example. "Because I am registered in 14 provinces, I will have to pay 700 million pesos annually. Either I delete my name in 12 of the 14 provinces or I take an old-age retirement."

He ended up by expressing his desire that "some day the participation of the professionals in national life might be recognized, because without them there will be no solution nor a return to institutional life."

The tax rate is fixed at 425,000 pesos annually for persons earning less than 30 million pesos a year, and 1.8 percent for incomes over that. Because of a subsequent reform, professionals who have been registered for less than two years do not pay, and those who have been registered three to five years pay half.

Architect Rodolfo Hasse, secretary general of the Central Society of Architects, noted that "it is truly a case of a tax on one's professional title, because it applies even to those who have no incomes." He related the results of a recent census taken by the Central Society, according to which 17.6 percent of the 6,000 architects in the city of Buenos Aires do not earn even as much as a construction official, and another 37 percent earn only as much, or no more than twice that figure. He emphasized that "the situation is even more serious among young architects and women."

The head of the College of Graduates in Economic Sciences," Dr Jorge Luis Dieguez, maintained that "this law has one great virtue: it is uniting the professionals." He described the tax as "highly regressive," emphasizing that "it was an arbitrary proclamation of the Secretariat of the Treasury" and highlighting the contrast with the holders of stocks and public securities, who continue to be exempt.

Dr Juan Jose Prado, president of the Bar Association in the Federal Capital, defined the municipal levy as "a confiscatory tax that violates the guarantees of article 17 of the Constitution. He denounced the state of "proletarianization that leads to the loss of intellectual capacity of the nation's professionals," warning that "frustration alters the normal order of life, peace and social tranquility. We should avoid causing a total alienation here as an effect of frustration."

The head of the Dentists Federation of the city of Buenos Aires, Dr Roberto Leme, speaking in the name of 5,000 capital dentists, claimed that the tax "is detrimental and there is no justification for the elimination of a system based on the constitutional principle of the support of personal work. Also, the tax is double because it falls on those who are paying taxes on their earnings when their activity does not always earn income." He summed up his opposition, stating that "the tax is not levied on the product of one's labor: it taxes the actual job of the professional."

During the last part of the meeting, there was an exchange of opinions on whether or not they should pay, and the conclusion was reached that they must obey the law, but that they should do so, in all cases, under protest.

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'LA PRENSA' CRITICIZES UNION'S APPEAL TO BISHOPS

Buenos Aires LA PRENSA in Spanish 19 June 79 p 8

[Text] Leaders of the labor union movement who recently organized one of the so-called "acts of protest," held an interview with the Argentine Bishops Conference (CEA). The object of the contact was to negotiate the intervention of high-level prelates of the national church in the matter of the detention of union members and to transmit through the CEA the disagreement of the supposed labor representation with the changes planned in the current legal system regarding professional associations and the management of social projects, as well as the well-known "concerns" over various "problems" of the workers. Among them, it is clear, that of wages.

The meeting to which we alluded, which was arranged with a high authority of the local church, was referred by it to the CEA's "Social Action Team, headed by the bishop of the diocese of Presidencia, Roque Saenz Pena. At the conclusion of the aforementioned visit, the union representatives stated, before leaving the church headquarters, that the "dialogue" with the bishops remained open, thus announcing new meetings of the same type. The bishops, in turn, had committed themselves to transmit the expressed "concerns" of labor to the "higher levels of the national government."

Certainly, workers in the Argentine Republic, like any other sector of the citizens, have the right to petition the authorities accorded by the National Constitution. But this should be done through the corresponding institutional channels. In this country there is a minister of labor who is the valid spokesman for the labor and management sectors. The union members should resort to him, then, in cases of disagreement with government measures that are supposedly or actually detrimental to their rights or interests. Those interests, on the other hand, should be harmonized with the higher interests of the nation. In this instance, being dissatisfied, the union members had direct recourse to the maximum authority of the state. But the Argen-

time church has nothing to do, through its cardinals, bishops or priests, as a vehicle to bring petitions to the civil authority of the republic. This is a custom that has been becoming generalized for some time now, with an obvious bypassing of the procedure imposed by our republican system of government.

The contrary, or the case of which we are speaking, entails seeking--and perhaps in some hypothetical cases it has been achieved--to enlist the ecclesiastical hierarchy in attitudes or positions of a political nature. It should be asked, then, what the church has to do with a given legal system of professional associations. On the other hand, the unions' selection of this means to channel their demands demonstrates a tactic that would be clever if it were not so obvious what it is seeking to hide. They are resorting, with this tactic, to a spiritual power which is undoubtedly moderate and beyond suspicion of Marxist inclinations or violence. They are thus resorting to an easy recourse that not only does not provoke resistance, but innocent compliance. This procedure weakens the proper function of the aforementioned spiritual power on earth, turning it into a factor in the sectoral struggles of society. It is precisely this deviation which is being seen again in the very heart of the universal church, tending to a more strict attachment to the spiritual and evangelizing functions of the religious hierarchies.

It is quite a different matter to admit that the church, as such, and in the exercise of its own functions, obviously cannot allow itself to lose contact with the concrete social or international realities. Spontaneously, then, and prompted by the force of its high mission, it will speak its word or carry out the work imposed by a particular circumstance. But this is clearly different from mediation of a purely political nature.

The open process begun in our country in 1976 proposed to return things to their proper order. The question that we have discussed here includes one of those objectives. The unions in their own sphere and the church in the sphere of action that corresponds to it by nature and divine mandate. To protest abuses and injustice is one thing; to be an agent or adviser of union leaders is another very different thing.

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PROBLEMS, SALARY DEMANDS OF RAILROADS EXAMINED

Interview With Transport Official

Buenos Aires CONFIRMADO in Spanish 21 Jun 79 p 16

[Interview with the secretary of public works and transportation, engineer Federico Camba; date and place not given]

[Text] The public works and transportation secretary, engineer Federico Camba, held a lengthy dialog with CONFIRMADO concerning matters associated with his area which have been a topic of concern and analysis in various circles. The following were his replies to the questions asked during the conversation:

[Question] We are particularly interested in learning the official position regarding what has been termed "the railroad problem."

[Answer] Then you mean this pseudo-problem of salaries, not the technical problem....

[Question] We could discuss both things, to find out the relationship that exists between the two.

[Answer] I would prefer not to deal with the salary issue; in the first place, because it is a matter which covers several areas, the Ministry of Labor, the Ministry of Economy, the Secretariat of Transportation and the company itself which is handling it. Furthermore, it has been highly controversial. We have already announced our position. It is an issue that has by now been exhausted.

[Question] Actually, it does not seem to us that the issue has been exhausted, since, a short while ago, the country suddenly found itself without railroad service, precisely because of the salary problem.

[Answer] Because of a pseudo-problem of salaries.

[Question] I beg your pardon, why do you call it a pseudo-problem of salaries?

[Answer] Because I believe that there are other factors which are not related to salaries, aimed at causing an upset in the unions. This represents an invasion of an area dissociated from the Secretariat.

[Question] From the standpoint of the Secretariat, what are the plans in store for the future? What is going to be done with regard to the railroads?

[Answer] I shall tell you what we are going to continue to do. We have done a great deal already. The policy on railroads is aimed at bolstering the shipment of freight and making it efficient. There is also an attempt to reinforce the passenger transportation in the Buenos Aires urban and suburban areas, and to make it efficient and profitable. To make all this possible, the railroads' infrastructure and equipment must be modernized. This entails continuing the program for maintenance and reconstruction of the track and signal system, which are the elements with the greatest degree of obsolescence, as indicated every day by the derailments and problems which occur as a result of this poor maintenance and the wearing out of the materials which comprise the infrastructure. There must be a reequipping in the hauling units and towing equipment, especially the freight cars, in order to be able to provide the proper service that transportation requires.

[Question] Certain sectors claim that you intend to eliminate branches and close stations. Is this true?

[Answer] Not only have we been held responsible for this, but evidence can be shown to demonstrate that it has been done. Thus far, we have made a preliminary examination of the entire system which originally, when we took over the administration in 1975, was about 42,000 kilometers long. As a result of these studies, we have decided to eliminate all the branches which currently have light traffic and which, from the standpoint of the future, do not appear to be profitable, either because their traffic has been absorbed by the competing facility or because, at best, they cover areas which have declined from the standpoint of agriculture or livestock raising. In the case of those branches with very low income return which we see no possibility of rehabilitating in the immediate future, we have decided either to suspend the service while the examination is being completed so as to eventually arrive at closing them, if this be feasible, or, when the diagnosis is quite clear, to proceed to close them directly. To date, we have reduced the system to 34,000 kilometers, which is the present length; and we think that we should continue until we finally reduce it to a total system of about 28,000 kilometers.

[Question] Does this imply that the railroad system was oversized?

[Answer] It implies that the country has changed and the railroads have not changed. The railroads should continue to change and become geared to the requirements for transportation that have arisen with the passage of time.

[Question] Branches were closed during the Frondizi era; for example, the line from Retiro to Delta, a passenger line that was shut down in order to build a highway in its place. Over 2 years have elapsed, the line has been closed and the highway does not exist.

[Answer] Very few were closed during that period. But there were not always thwarted proposals or policies that were not implemented....

[Question] Does the closing of branches cause unemployment?

[Answer] No. I must say that it does not because, in order to absorb the personnel, we have obtained the passage of Law 21580, which calls for a special compensation far exceeding what was granted by the Law on Expendability, Law 21,274, to which we could also have resorted. But with a desire to minimize the social cost of the operation, we did not do so. We have offered an opportunity for retraining and relocating the dismissed personnel. This service has not been implemented in its entirety, because of the fact that there was absolutely no interest on the part of the personnel dismissed from service in this arrangement to be used to secure their reemployment; because the personnel were relocated outside of the company through the normal channels of the job market. You should also take into account the fact that the railroads are not an exception from the standpoint of double or triple employment. So, both here and in the provinces, many railroad personnel engage in other types of activities after hours. The fact is that many agents have started engaging in this type of activity that they performed previously, supplementing their work on the railroad.

[Question] We have also heard comments that there are agents who work a double shift on the railroad so as to have more sizable earnings at the end of the month. Is this true?

[Answer] Well, I don't know about double shifts. There are overtime hours, but not many. As a rule, the railroad personnel work only one shift.

[Question] Finally, what is the present deficit in the railroads?

[Answer] At the present time, the operating deficit is estimated at about \$620,000 per day. At one time during this administration, in 1977, that deficit appeared to have dropped to about \$420,000 per day. We don't think that we have ever had such a small deficit. What happened was that the parameters used for calculating were not always the same ones. In reality, the status of the deficit at present is virtually the minimum that is possible, at least for the time being.

[Question] Is there any country in the world wherein there is no deficit in the railroads?

[Answer] It is an exception. From what I have been able to discover, I have noticed that the deficits occur particularly in countries where the companies are state-owned, and this applies to a large number of countries.

Deterioration in Enterprise

Buenos Aires CONFIRMADO in Spanish 21 Jun 79 pp 14-15, 17-18

[Text] Some doubts and questions are beginning to arise among those who think that the railroad is a thing of the past. Until a few years ago, one often heard it said that the locomotive and freight cars were merely colorful, romantic souvenirs soon to be relegated to a museum. But the fact is that the railroads have managed to survive the competition from automobiles, and have even recovered their preeminent status in some parts of the world. At the beginning of the 1970's, when the international price of oil caused a large-scale energy crisis, planners and economists carefully reviewed the structural possibilities of railway communication.

Some studies have shown that, in the near future, the cost of freight carried by rail will be five times less than that carried in automotive vehicles. This prospect has surely been considered in the developed countries, whose services depending on railways are notoriously deficient. Germany, the United States and Canada have chosen the path of total modernization of their railroad systems in view of the uncertainty regarding energy.

A Good Course of Action?

There has been constant mention of the overabundance of personnel, the bureaucratic red tape and obsolete material as the main causes for the imbalance in Argentina's railroads. This is basically the government's thinking on the subject, and hence it has undertaken a vast plan for streamlining the enterprise's resources and personnel, as a first step toward renovation in an opposite direction. Other analysts are of the opinion that the shortcomings in the service have a more extensive and complex cause than the oft-discussed imbalance between the personnel and the enterprise. For example, they have cited the overuse of railroad freight cars and warehouses during the harvest to make up for the shortage of silos, or the overdevelopment of the railway system during the period when automotive plants were being established.

No one can deny that the enterprise's authorities have acted quickly to reduce personnel. The latest information gives an estimate of 47,000 fewer agents since the new plan went into effect. However, there are several indications proving that a more universal project is being attempted, the guideline for which will be the "National Transportation Plan," currently sponsored by the World Bank. The goal would be to supplement the reorganization of the railroads with some regulatory provisions for highway transport, establishing standards for the power of the engine in relation to the total weight of the load.

For the authorities, the cut in passenger service was an undeferrable priority. According to recent statements made by Ezequiel Ogueta, the undersecretary of transportation, the objective was attained, because only 50

percent of the schedules which were previously in effect have been retained. On the other hand, some interesting investments and reforms have been planned along the more profitable and more often used routes, such as those in the suburban area or the summer services. The "Metropolitan Railroad Plan" is aimed precisely at making a radical change in the service from the capital and Greater Buenos Aires; although the authorities have admitted that they cannot undertake the change financially, and are considering some alternatives.

The principle of peripheral private ownership is being applied intensively by Argentine Railroads. The identification of the board members' views with the philosophy of the Ministry of Economy is absolutely undeniable. Recently, accountant Hugo Carassai (president of the company) stressed the closing of the Stobel, Cruz del Eje and Santa Fe shops as an important achievement, because the government's goal was to divert the repair work to private hands, at the same time encouraging specialization in the latter. At the present time, a study is being made of the closing of the Mendoza shop, for the same reasons.

The Dilemma of the Branches

Another less publicized aspect of the process of private ownership is that relating to the future of freight. A few months ago, the former president of Argentine Railroads, Gen Tomas Caballero, cited the benefits that certain transfers would represent in the area of technological renovation. The results of these plans are not yet clear, but it is obvious that the enterprise has concentrated much of its effort on making the freight "profitable," by using the available locomotives and freight cars, which affords a reduction in passenger service.

The elimination of branches is perhaps the most controversial aspect of the present railroad situation. It is obviously a problem with major connotations in the economic, social and even emotional areas. Those opposed to the closings warn against the isolation of certain localities, and the promoters respond by citing the existence of substitute routes. Of course, it is extremely difficult to prove the validity of either argument over the course of 5,600 kilometers of track that have already been eliminated. What some consider to be a victory of efficiency and profitability is described by others as an "immeasurable" retrogression in the national communications system. Not many statements on the issue have been publicized to date, but it should be realized that the process of elimination has not yet ended.

The matter of the deficit is a veritable labyrinth. From the standpoint of an analysis, it may be considered that there is an average loss of \$620,000 per day (the official figure), or of \$2 million, if one considers the imbalance as a whole. The fact is that the percentage of investment has increased considerably thanks to the large loans obtained from international private banks, which have given tacit backing to what has been done thus far. If this is the case, will Roca finally be electrified? There are sufficient indications to warrant the assumption that the work will begin this year, if

a Japanese consortium decides to undertake it. Meanwhile, among railroad workers and users, the doubts and uncertainties regarding whether the path that has been selected is a good one will persist.

The Trade Union Spectrum

The trade union structure of the railroad sector offers a picture marked by the presence of four entities which organize the workers into unions based on the activity in which they engage: Thus, with the representative quality lent it by various branches, there are coexisting the Association of Argentine Railroads Administrative Personnel (APDFA), the National Railway Union (UF), the Association of Argentine Railroads Signalmen (ASFA) and the Brotherhood. The features of each entity, its importance based on the number of members and its current status in the trade union area are dissimilar; but, on the other hand, there are similarities in the demands, mainly those associated with the salary situation (see inset on page 18).

The railroads' administrative personnel first acquired the entity which represents them, APDFA, on 5 April 1957. From its beginnings, it also included the managerial personnel from the General Ports Administration and the State Railroads Cooperative. Its incorporation into the CGT [General Labor Confederation] took place in 1974; and now, out of a total of 10,158 boards of directors of the three enterprises that it includes, the APDFA has 8,232 members. Of that total, 7,524 are in active service, and the overwhelming majority belong to Argentine Railroads.

The salary demands and the status of the state enterprise represent the most frequent criticism. In this regard, engineer Elido Veschi, chairman of the Administrative Commission since 1975, told CONFIRMADO: "The railroad plans from 1960 to the present have been structurally based on just one element, the deficit, as if that parameter gaged the efficiency. In confusing the basic point, an effort has been made to identify that deficit with the efficiency, and the latter term has been confused with self-sufficiency. We maintain that the railroad is not a commercial nor public service enterprise, but rather a strategic tool of the government in the service of the nation's economic, social and geopolitical development.

"There are transportation problems, and all the measures that have been attempted, without regard for the disorganized state of transportation, have only succeeded in increasing the deterioration of the enterprise, and have caused a higher social cost." Veschi added: "Therefore, so long as the policy is based on a computable device, as in the case of the so-called railroad deficit, the results will be none other than those already mentioned."

Also, in connection with the salaries of the administrative personnel, Veschi told CONFIRMADO: "As early as December 1977, the need to establish a plan for revising the composition of salaries was cited. Now, they have announced to us that a plan for this revised composition will be made public this month. It should call for two things: a recovery of the real salary, which is at

a depressed level; and a revised composition which takes into account the logical gap between scales, to allow for a system of ranks, and to serve as an incentive for the improvement of railroad personnel."

The heads of APDFA place emphasis on the loss of a ranking system. In this regard, they point out that a chief in the fourth category earns 1.58 times the pay of a laborer; and a department head, who in March 1977 was earning 9.42 times the pay of a laborer, now has an income which exceeds the latter only 5.30 times.

Vaschi added: "We think that the expectations that have arisen on the various government echelons and the promise to announce the plan for a revision of the salary composition are indicators which warrant our visualizing positive steps, provided they start to repair the tremendous deterioration that has occurred in salaries."

Moreover, the heads of APDFA consider the adoption of measures marked by force to be counterproductive, particularly at a time when they are awaiting a government decision. They likewise underscore their "independence" from the groups which are vying for control of the labor movement. Vaschi remarked: "The commitment of this trade union entity is closely related to the defense of the railroads and of the interests of those it represents. At the present time, it is not aligned with any group."

The National Railway Union

The organization of the railroad workers took place in connection with the demand for an 8-hour work day; it was in this context that the National Railway Union acquired its corporate status in 1922. The entity (currently the only one among those associated with the sector to be subjected to intervention) includes the personnel from shops, traffic, stations, track, works, administration, supply, miscellaneous services, and cooperatives, and the railway agents working in the national ports. This association, which contained 147,000 workers in 1976, now includes only 108,000, as a result of the enactment of the Law on Expendability and the reorganization of the enterprise. Its members also include 50,000 retirees, with representation on the Central Administrative Commission.

The entity's structure has assumed some unique characteristics. The local rank and file consists of the delegations and sections, which are established on the basis of the number of members that they have. There are in all about 300 entities. In this connection, the delegations, owing to their small number of members (fewer than 30) may be subordinate to the nearby section or to the Central Administrative Commission, depending on the workers' decision. They elect, through a secret, direct vote, the heads of the sections and delegations, and the delegates to the national congresses. The same procedure is used to appoint the members of the Central Administrative Commission.

The latter organization consists of 31 members, who are appointed to the positions and represent each railroad proportionately. Moreover, the sections

and delegations hold general assemblies of members and, on the national level, there is a congress of delegates who participate with mandates from their rank and file organizations. The proportion of workers included in each line is important, because the elections are held individually by railroad. In this connection, the number of agents included gives greater importance to the Belgrano Railway and then, in decreasing order, to the Eoca, Mitre, San Martin, Sarmiento and Urquiza Railways.

Although it is currently subject to intervention, the status of the entity may be gleaned from the opinion of Armando Roberto Matarazzo, a member of the last trade union administration. He explained to CONFIRMADO: "To us railroad workers, the defense of the nation's sovereignty and the territorial issue entail the control and support of our fundamental structures: transportation, communications, fuel, energy, the basic industries and the natural resources, among others." He added: "From a strategic standpoint, all this constitutes an indivisible unit which cannot be overlooked in the interpretation and exercise of the nation's sovereignty. What concerns us is that, despite the dismantling of the railroad structure and the incorporation of private services that have taken place, the information made public indicates that the deficit of \$2 million per day still exists. We wonder: In order to achieve this result was it necessary to put 34,000 workers out on the street and to eliminate nearly 8,000 kilometers of track?"

Matarazzo commented: "We believe that the railroad policy should be devised in response to our geographical situation, and essentially to the plan for economic development which, in turn, should be based on an historical view of progress that has been well thought out. What is being done relates to a plan aimed at converting us into mere producers of raw materials, with the transportation in private hands.

"In the case of the railroads, the existence of the Latin American Railroad Association may perhaps offer us a suitable forum for devising a plan for continental railroad integration." In this respect, Matarazzo is of the opinion that, "In the long run, it is a matter of having a harmonious, coordinated and complementary policy for the entire transportation system in our country. The current program is competitive between one facility and the other, and its conclusions are for eliminating and subordinating." He remarked in conclusion: "There is talk here of a railroad deficit, while in the industrialized countries such expenses are described as political and social investments."

The Alarm Signals

The basic demands submitted by Alfredo Farah, who is acting as chairman of the Argentine Railroad Signalmen's Association because of the illness of Ramon Mondragon, are focused on the salary situation, working conditions and the elimination of branches. Farah told CONFIRMADO that 80 percent of the organization's 2,500 members have an average income of 250,000 pesos. He added: "We are now in agreement with our superiors on the way in which the scales are being arranged and the salaries updated. I hope that they will put us in order somewhat."

The list of demands is not exhausted with the salary issue: The ASFA leaders want a reduction in the work day, which is now 8 hours long, making it 6 hours; because they feel that the nature of their work is "unhealthy," owing to the "nervous tension and responsibility that we signalmen bear." In addition to opposing the government's views regarding the enterprise's deficit (in terms similar to those used by the other organizations in the sector), and questioning what they regard as a defective policy in the area of investments, they severely criticize the decision to eliminate various branches. As is obvious, this measure causes immediate unemployment among the personnel that the entity represents.

Nevertheless, despite a situation that these union circles consider critical, Farah (like the enterprise's administrative personnel) decries the adoption of forceful measures, "because we have been negotiating with superiors from whom we requested participation in making suggestions. Their reply to us was that nothing would be done outside the bounds of the organization." In this respect, despite the appeasing announcements, the possible resumption of measures which might be adopted apart from the administration without the need for massive support is still afoot. This fact stems from the special structure that exists in the railroads, whereby the decision of one sector (the signalmen, for example) could interfere with the operation of all services. In this case, furthermore, the necessary technical knowledge for performing the functions precludes an easy replacement of personnel. Despite everything, Farah made the appeal: "I ask all the comrades who read CONFIRMADO to remain on the job, and not to assume individual attitudes."

Since 20 June 1887, the Brotherhood (one of the first Argentine trade unions) has included the personnel driving locomotives, firemen, assistants and candidates for the position of conductor. The entity, which is comprised of 19,000 workers, has a structure wherein there is an individual organization for each railroad. There are sections in each zone, local administrations and a central management. The personnel on each line elects, by direct vote, the local and national authorities according to railroad, and the members of the Central Administrative Commission, who are responsible for appointing the officials of that entity.

The president of the Brotherhood, Luis Etchezar, told CONFIRMADO: "Despite our demands and concrete protests, the salary issue has not been settled satisfactorily. To us, the Law on Expendability has only meant the laying off of workers, and we have not observed any improvement in the railway system. What is even worse, there is no technical programming nor programming of services, and the lack of maintenance on the track has been reflected in constant accidents."

Etchezar also remarked: "The working conditions have been changed to our detriment, and I can cite some examples: If we have to take a train in Rosario, and the trip from Buenos Aires takes 4 hours, we are only given credit for 2 hours; and, for the weekly time off, we are sometimes notified 2 hours in advance, so that it does not serve the social purpose of time off, because in that short time one cannot plan what to do with the family during the day off."

In addition to demanding a salary for conductors amounting to 1,241,954 pesos, Etchezar added: "The present Law 21,476 has nullified major agreements with the enterprise, and has imposed retrogressive obligations on us. Workers are transferred to locations far from their homes, and they are not given compensation for the transfer, nor are they provided with housing, as was the case until 1976." He concluded by saying: "Our situation is oppressive because of the law on salary, the abrogation of laws with a social essence, and the arbitrary action that has been cited. Meanwhile, the service has become worse."

Salary Demands

Buenos Aires CONFIRMADO in Spanish 21 Jun 79 p 18

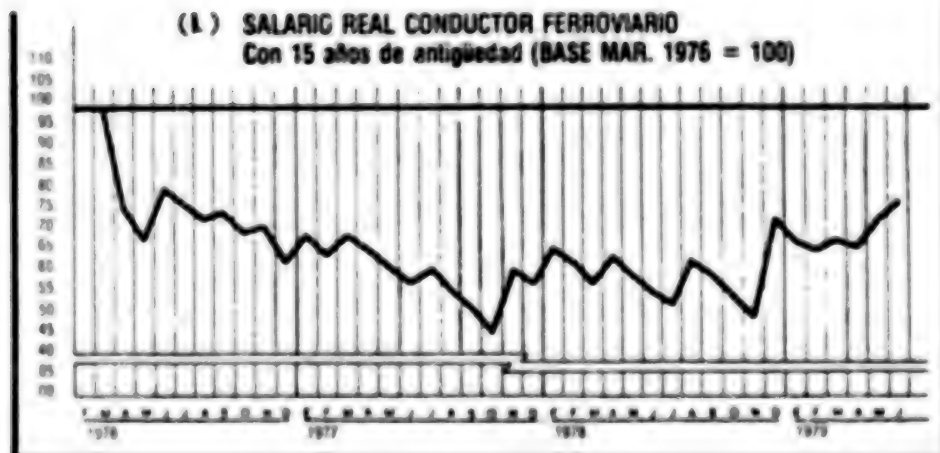
[Text] Based on the analyses made by the trade union associations which include the workers from the sector, the salary situation of railroad personnel has as a general characteristic a reduction in real wages and, on the other hand, a peculiar feature whereby the workers are included on scales which give the least remuneration. According to the unions' statements, the situation shows the following profile:

The Association of Argentine Railroads Administrative Personnel (APDFA), which includes office heads to department heads in 12 categories, stated in a lengthy analysis of the subject that not only has there been a loss of a ranking system, but if one takes the month of March 1977 with base 100 as an example, the decline in salaries amounts to 30 percent. In this connection, the current salary situation shows the following amounts for the 12 scales that are included: The pay for the first five, which takes in 64.09 percent of the agents, ranges from a minimum of 369,538 pesos to a maximum of 624,183 pesos; 29.55 percent of the personnel included in the next four categories earn between 688,544 and 952,982 pesos; and the last three categories, which cover 6.41 percent of the agents, have salaries ranging from 1,046,725 to 1,239,808 pesos. The bonuses for seniority and diplomas, and the family allowance, must also be added to these amounts:

The status of the other union entities is more critical. The National Railway Union has 22 categories, wherein the salaries, not counting the family allowance, are distributed as follows, according to information supplied by the entity: The first five categories, which include 31,000 agents (laborers, level-crossing keepers and assistants) are paid 190,285 pesos; categories 6 to 10, with 32,000 workers (assistants, guards, station managers, officers, foremen and handcar drivers), have a salary of 221,066 pesos; categories 11 to 13, with 15,000 workers (telegraph operators, assistants, station chiefs, administrative assistants, deputy aides for making schedules), have a salary of 237,956 pesos; categories 14 to 17, with 6,000 employees (special station assistants and professional supervisors), are paid 265,839 pesos; and, finally, the last two categories, which include 7,000 agents, give a salary of 332,999 pesos to inspectors of track, signals and telecommunications, and the chiefs of special stations.

The current salary for personnel of the Argentine Railroads Signalmen's Association ranges between 205,675 pesos for the initial scale and 277,032, 288,225 and 316,209 pesos for the last three categories, which include a minority group of agents. A union source estimated: "There may be 20 in all, serving as inspectors and managers." The majority of workers are included in scales 412 and 413, which pay salaries of 232,260 and 237,856 pesos. In this case as well, the family allowance, the bonus for seniority and compensation for meals must be added.

The drivers of locomotives who belong to the Brotherhood are included on nine scales. In this instance, the figures supplied by the union should have the bonus for seniority and meals added and, in the last two categories, an extra amount for "conductor's responsibility." On the other hand, 15 percent must be deducted for social security payments. The salary situation of the Brotherhood is as follows: The candidates for the position of conductor (four categories) receive between 203,605 and 220,072 pesos; the assistants (four categories) earn between 230,860 and 318,306 pesos; and, finally, the salary of a conductor is 411,072 pesos. The following chart, prepared by the Brotherhood, affords an overall view which may be applied to the other railroad unions.



Key:

1. Real salary of a railroad conductor with 15 years of service (base March 1976 = 100)

2909

CSO: 3010

ARGENTINA

RECORD-BREAKING GRAIN EXPORTS PLACE NATION IN THIRD PLACE

Buenos Aires LA OPINION in Spanish 2 Jun 79 p 9

[Text] "Argentina cornered the world grain market in May, as its exports accounted for 24 percent of the total world trade. It thus took third place as an exporter after the United States and Canada," David Lacroze, the chairman of the National Grain Board, stated at a press conference.

He also reported that last May a new record in grain shipments was set, 2,650,000 tons, as against 2,344,000 for the same month last year.

With regard to delays at ports, more streamlined operations have also been achieved, inasmuch as backlogs were limited to just 12 days, as compared to 36 days for the same month last year. This, he said, made possible estimated savings of \$384,000 per vessel, which means about \$11 per ton exported on a 35,000 ton steamship.

Nonetheless, these figures could have been even better if the reform of the Grain Act had been passed or if we had secured the necessary number of "top-off" ships. "In this regard," he stated, "I want to stress the broad spirit of cooperation of the export sector, of warehousemen and of cooperatives willing to invest in top-off ships and terminal elevators and that are as yet unable to fulfill their intentions because they do not have the necessary legal framework."

"We feel that if next year we have the required number of top-off ships and if we get the terminal elevators running that are now ready and are awaiting only the appropriate legal modification, we will overcome once and for all the problem of grain bottlenecks in Argentina."

In conclusion, referring to soybeans, he said that the prospects are that China and Japan might begin buying from us in late June or in July, which will unquestionably enable us to expand our international market through this oilseed.

The minimum purchase price of a ton of sugarcane earmarked for the production of sugar was set at 21,150 pesos for the 1979 sugar harvest, based on 12 percent saccharose and 80 percent purity.

The whereas clauses state that as a result of the study done in Tucuman on the status of cane producer operations, it was considered reasonable to adjust the minimum purchase price of cane for use in sugar production.

The Economy Ministry resolution was published yesterday in the Official Bulletin.

8743

CSO: 3010

ARGENTINA

NATIONAL DEFICIT CLIMBS TO 602 BILLION PESOS

Buenos Aires LA PRENSA in Spanish 1 Jun 79 p 6

[Text] During the first third of this year the treasury deficit rose to 602.5 billion pesos, resulting from total revenue of 1.99 trillion and total expenditures of 2.59 trillion.

The deficit was financed as follows: net credit use, 340.35 billion pesos (domestic, 424.35 billion, and external, minus 84 billion); Central Bank, 63.24 billion, and other categories, 198.91 billion.

Budgetary revenue totaled 1.91 trillion pesos, of which 1.89 trillion were current revenue and 19.42 billion were capital receipts.

Within the category of current receipts, 1.42 trillion pesos came from taxes, whereas non-tax revenue totaled 469.65 billion pesos.

The following are the major taxes accounting for this revenue: value added tax, 447.38 billion; profits tax, 127.4 billion; unified domestic taxes, 222.86 billion; fuel tax, 124.44 billion; stamp tax, 98.42 billion, and import duties, 209.45 billion pesos.

Repayments of loans made by state-run enterprises accounted for 19.21 billion pesos of the 19.42 billion in capital revenue.

Expenditures

With regard to outlays, current expenditures amounted to 2.11 trillion pesos, whereas capital expenditures totaled 343.92 billion.

The breakdown for current expenditures is as follows: operating expenses, 1.12 trillion; debt interest, 119.24 billion; transfers to finance current expenditures, 634.47 billion, and transfers to finance capital outlays, 238.55 billion.

Of the aforementioned total of capital expenditures, 127.59 billion pesos were earmarked for the enterprise Argentine Railways.

Pending Documentary Credit

Pending documentary credit totaled 26.6 billion pesos, with the following breakdown by enterprises: River Fleet, 72 million; Argentine Shipping Lines, 14.69 billion; Argentine Airlines, 1.12 billion; State Mechanical Industries, 8 million; Government Coal Deposits, 1.41 billion; State Gas, 475 million; State Shipyards and Naval Factories, 2.44 billion; Agua de Dionisio Mining Deposits, 140 million; National Mail and Telegraph Enterprise, 54 million; North Patagonia Hydroelectricity Company, 160 million; Sierra Grande Patagonian Iron, 2 billion; Argentina-78 Television, 1.91 billion; Llave Industries, 580 million; Channel 7, 179 million; other enterprises, 1.33 billion pesos.

Unpaid Orders

During the first third of the year unpaid orders totaled 494.28 billion pesos, an increase of 188 billion over the amount as of 29 December 1978.

Of the aforementioned total for the first 4 months of 1979, 431.28 billion pesos were in current and capital expenditures, while 62.99 billion were for operating expenses.

8743

CSO: 3010

ARGENTINA

'LA NACION' OPPOSES MEAT EXPORT RESTRICTIONS

Buenos Aires LA NACION in Spanish 5 Jun 79 p 8

[Editorial: "Meat Exports"]

[Text] As has happened on other occasions in our country, the rise in the price of beef is causing various kinds of tensions. It disturbs consumers, worries exporters and upsets officials, who think up measures to hamstring developments in the marketplace despite their emphatic support for the unfettered workings of supply and demand.

The price of beef has risen sharply in recent weeks for two reasons: because domestic consumption, which has reached truly extraordinary levels, is not falling, and because exports are on the rise as a result of an international situation that is highly favorable to our country.

Indeed, this is the first time that Argentina is looking at a liquidation cycle in overseas markets with record stocks, which opens up excellent prospects for marketing large amounts of meat at highly profitable prices.

We need only look at a number of facts to confirm this. Japan has again recently expressed its interest in importing cooked meats and potentially sausages, in view of the difficulties being experienced by Australia, which used to cover 80 percent of its supplies and which is in the midst of a serious livestock crisis. With its 115 million inhabitants and its very high standard of living, Japan could be a first-rate buyer for Argentina and is supposed to confirm this on the occasion of the forthcoming presidential trip.

What is more, Austria, which had withdrawn from the Argentine market, citing debatable hygienic pretexts, has expressed interest in reassessing the situation. For its part, the EEC is willing to accord very favorable import conditions to the finest cuts from select animals, the veritable "jewels of the industry," with the resulting promotional, industrial and production benefits. Portugal has reappeared as a buyer and has reportedly accepted bids from Argentine meat-packing plants. Russia is interested in our meats too. Brazil is an expanding market, as are Africa and

Middle East, and we must not forget the United States, to which supplies of cooked meat have increased a great deal and where an attempt is being made to secure the scientific backing that will make possible the importation of lightly and regularly seasoned cooked meats, all of which gives the country the chance to achieve exceptional export volumes at equally excellent prices.

In light of the current market situation, where prices in constant values are still far from their highest levels, the only worrisome element seems to be the curve of those increases, disregarding the existence of substitutes, the extremely high domestic consumption and the overall benefits that could accrue from a definitive consolidation of our livestock through exports. Argentina, which in all international forums has called for free access for its goods, is now allegedly about to abandon that appeal and advocate a cutback in its exports. Last year, in a much more critical situation Australia cut domestic consumption by 20 percent from 1977 levels and by 30 percent this year, in order to meet its overseas commitments. As a result, the United States has guaranteed it a minimum import quota of 415,000 tons because it is a reliable supplier, and it has thus achieved what livestock requires: a stable market.

We have to keep all of these things in mind in dealing with a situation like the current one, because the country has often gone wrong, to the detriment of output, exports and consumption. Producer groups such as the Confederation of Buenos Aires and Pampa Rural Associations and practically the entire meat-packing industry have so contended in documents that our newspaper published and that constitute a political event unto themselves because they entail a common cause campaign of the rural movement and industry.

Thus, if we cut meat exports, which are showing solid, steady growth, in order to reduce domestic prices, we will be repeating measures that have left the country only bad memories, because they have an immediate negative effect on production and a medium-range negative impact on consumption and exports. It would be regrettable if we failed to take advantage of this opportunity because of narrow-mindedness.

8745
CSO: 3010

ARGENTINA

COUNTRY PREPARED TO MEET WORLD DEMAND FOR PETROLEUM PIPES

Buenos Aires LA NACION in Spanish 17 Jun 79 p 10 Sec 3a

[Text] "Since 1964 we have maintained a smooth export flow of about 30 percent of the enterprise's output, and during the recent fiscal year, which closed this past 31 March, overseas sales accounted for 59 percent of total production. This continuity shows that you cannot 'enter and leave' international markets at will and that you must always keep up a presence." These were the words of engineer Amilcar J. Romeo, executive assistant of Dalmine Siderca, who along with Mr Ernesto A. Cossavella, its sales manager, explained some of the aspects of exporting seamless steel piping for oil development, exploration and transportation.

Last year, exports totaled \$71,806,237 (FOB) and went to Canada, the United States, the People's Republic of China, Russia, Algeria, Romania, Tunisia, Libya, England, Iraq, Albania, Ecuador, Bolivia, Brazil, Peru, Chile, Uruguay, Trinidad-Tobago, Colombia and Mexico.

The Chinese Market

The Dalmine officials said that the opening of the Chinese market was the direct result of the visit by Martinez de Hoz last year, "although we had already made some contacts." They explained that coinciding with the arrival of the official trade mission, "Dalmine took part in the talks through its own officers, which led to a 7,000 ton increase in the sale of high-technology piping agreed upon for this year, and thus we will reach 50,000 tons."

In addition, there is an agreement with China for another 4 years, subject to 6-month adjustments, for shipments of about 40,000 tons a year. "Argentina is able to remain in highly competitive markets because of the technology and quality of the products that it exports," they said, "which meet the strictest international standards."

Prospects

With regard to prospects, they pointed out that "owing to economic and political problems in the world, the countries with oil reserves are

expected to intensify development, while those without pinpointed reserves will increase exploration. This would indicate that the world market for petroleum piping will improve."

They noted that the piping that the enterprises manufactures is being used in 43 countries to extract and transport petroleum and natural gas, and they emphasized that the company is authorized to stamp its pipes with the "API" seal because they meet the standards of the American Petroleum Institute.

In conclusion, Mr Cosavella said that "in 1978 Dalmine was the company that opened up the most overseas markets for non-traditional Argentine products."

8743

CSO: 3010

ARGENTINA

BRIEFS

DECREASE IN MONETARY EXPANSION—The partial balance sheet of the Central Bank for the period from 7 to 15 June showed an average increase in reserves of gold, foreign exchange and other external assets. During the period in question this category rose by an equivalent of 333.19 billion pesos, climbing from 5.88 trillion to 6.22 trillion pesos. In contrast, the bank's balance sheet for the same period showed a decline of 230.35 billion pesos in the money supply, which fell from 5.56 trillion pesos as of 7 June to 5.42 trillion on the 15th. In the assets category of "other obligations of the national government," temporary advances rose by 128.4 billion pesos, whereas the "monetary regulation account" showed an increase of 48.73 billion. In contrast, exchange differences recorded a drop of 24.57 billion pesos. In conclusion, in terms of liabilities, deposits by financial entities from 7 to 15 June increased by 617.12 billion pesos from 4.19 trillion to 4.81 trillion, while national government deposits rose by 1.06 billion from 16.58 billion to 17.64 billion pesos. [Text] [Buenos Aires LA PRENSA in Spanish 19 Jun 79 p 6] 8743

CSO: 3010

GUAZZELLI TOUTED AS HEAD OF PARTY REPLACING ARENA; DENIAL

Guazzelli Under Consideration

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Jul 79 p 3

[Article by C.C.: "Guazzelli May Head Future Government Party"]

[Text] The presidency of the new party which will replace ARENA [National Renewal Alliance] and form the congressional nucleus supporting the government and the revolution will have to be held by someone of the type and with the characteristics of former Governor Sinal Guazzelli. If not necessarily by him, at least by someone like him; that is, with a past marked by revolutionary, renewing affirmation, and with service rendered to democratization and to the cause of the perfection of the regime.

This disloyalty at the Palace proves that the government is two steps ahead in the party reform because, while it even admits publicly that the abolishment of the present parties is certain, in fact it has already discussed groups, names and even new leaders. This will not actually come as a surprise, because for a long time the strategic laboratories of government circles have been operating in this way; acting in advance and planning maneuvers for the future based on objectives unnoticed by the great masses. The problem is that this happens in the case of politics and institutional issues, frequently in a casuistic manner; but, in the energy crisis, for example, there is no recollection of the same thing having been done since the time of Medici.

However, it is important to continue ahead with the party equation. Why Guazzelli or someone like him?

First, because the greatest concern is for burying the past, and making people forget ARENA, its sins and omissions; rubbing the eraser (in this case, the school's) over so many years of accommodation, obscurantism and inaction. It may even be fair to utilize someone from the ARENA's current leadership, since he would serve as a kind of necessary bridge, or connection; but what is being sought is quite the opposite, that is, a breaking of bonds. Moreover, Guazzelli, in addition to being a young, competent politician (this

analysis was made by the Planalto Palace), proved to be a successful administrator in the Rio Grande do Sul government. While he became adjusted politically and got along with his adversaries, acting steadfastly but avoiding inconsequential friction, he also accomplished a considerable amount of work in the economic and social areas. Hence, he has the admiration of the so-called "system," from an administrative standpoint, and the protection of the politically more liberal sectors of ARENA. At the time of the establishment of the Figueiredo government, he appeared to be considered for several posts, and his name was mentioned more than once for a ministry. This may be an explanation now for his having been saved and kept aside: to assume, in the partisan area, functions that are compatible with his political potential, such as those of the president of the new party backing the government. Despite the new times, the political openness that is under way and other institutional initiatives, there is no doubt that, by the very nature of things, it will be incumbent on President Figueiredo to make the major decisions relating to his party, including that of participating in the choice of its first leaders. He will certainly not impose anything that would run counter to the sentiments or the tendencies of the groups ready to back him, but he will not fail to act and even indicate who seems to him to be best qualified for the task of leading the party which will be ARENA's heir.

Obviously, Minister Petronio Portella has not in any way confirmed the speculation regarding the termination of the parties, much less admitting that consideration is now being given to individuals capable of heading the future government party. In his view, it will first be necessary to determine whether ARENA and MDB [Brazilian Democratic Movement] will even be abolished, "which will depend on the rank and file." He merely stresses the fact that the only person in a position to devise the guidelines for a hypothetical new party backing the government will be General Figueiredo.

Another observation of the minister of justice is that the official objective will continue to be maintained in the event that the parties are really abolished: namely, to combine in a single party all the sectors supporting the government; and, under another designation, another program and other messages. There will be an attempt to prevent the splitting or dispersion of the cadres now affiliated with ARENA, because there will always be division and dissent in any political party, regardless of how small it may be. There will surely be attempted compositions and arrangements, and there has never been any intention of excluding the state governors from the process, as was announced a few days ago. At least in the opinion of the senator from Piaui, the governors' participation has become essential. Obviously, it cannot be exclusive, but it must be comprehensive. At present, the heads of the state executive branches are participating, and in many instances even serving as leaders, but they are not members of the regional boards of directors. The model may perhaps be useful in the future, but not participating in the boards of directors will never mean being discarded or rejected.

Ivete Continues

Yesterday, former Deputy Ivete Vargas stopped in Brasilia after a meeting in Goiania, attempting to recreate the PTB [Brazilian Labor Party," but not the PTB of Leonel Brizola, quite the contrary." She reported that there are groups in nearly all the states, striving to gather a rank and file, and that it was only in Rio Grande do Sul that no discussion would take place, leaving the state as an open window or future prospect for an understanding with Leonel Brizola, "if he wishes and accepts the rules of the democratic game, giving up the excessive ambition for power which seems to dominate him." According to Ivete Vargas, MDB has no right to oppose the creation of new parties, even though it is struggling against the dissolution sought by the government. After all, while many feel that the best thing for the country is to preserve the unity of the opposition, others who are likewise opposed to the government should have a right to think differently. This applies to her. She maintains that the PTB still constitutes the great popular cause, "not a radical, extreme leftist PTB, but a party capable of expressing the desires of the great mass of wage-earners, the middle class and the working class."

She said: "When Lula became radical, he lost the Sao Paulo metal workers. When Brizola and his group became radical, they ceased their association with the aspirations of the Brazilian people. We shall only succeed in doing something concrete for the alienated social groups if we start to mobilize the wage-earners. To begin reckoning from the end means running the risk of not reaching any destination."

Ivete Vargas expressed deep regret over Brizola's recent attitudes and statements, although she stressed the importance of not "closing all windows." But she emphasized that the PTB to be created would be hers, and not the former governor's; and she has lined up a group of leaders in the states who are already working toward the goal that she is directing: Gilberto Mestrinho (Amazonas), Oscar Passos (Acre), Americo Silva (Para), Chagas Rodrigues (Piaui), the Jerreissati family (Ceara), Arnaldo Lafalety (Paraiba), Ari Pitombo (Alagoas), Edival Brito (Bahia), Alvaro Fernandes, Iara Vargas and Luterio Vargas (Rio de Janeiro), Joao Herculino and Milton Reis (Minas), Julio Xavier (Parana) and Wilson Fadul (Mato Grosso).

Guazzelli Denial

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jul 79 p 5

[Text] Yesterday, in Porto Alegre, the former governor of Rio Grande do Sul, Sinval Guazzelli, gave assurance that he is not aware of his name's being considered for the presidency of the party which will replace ARENA. Guazzelli remarked that this report, released by newsmen Carlos Chagas in yesterday's edition of O ESTADO, stems from the assumption that ARENA and MDB will actually be abolished; whereas, in his opinion, the government, although it has characterized itself as being in favor of the multiparty system, has not yet decided on the means of achieving this.

"I have not had any more direct contacts with the federal government," explained the former governor, who now resides in Rio and who is in Porto Alegre for his daughter's wedding. He said: "I think that the government has by now decided to promote the return to the multiparty system; however, it will await the return of those who have been amnestied to political activity, and its consequences, in order to study the process that should be pursued. Amnesty will unquestionably entail changes in the political situation; therefore, out of discretion and intelligence, the government will not decide on the matter of party reformulation before it analyzes the changes that have taken place."

According to Guazzelli, the understanding between political leaders will "even be critical at a time of democratic construction. The two sides should not be greatly concerned over the electoral aspect, but rather with the political one, which is not exhausted in the electoral area. I have noted a great deal of discussion on whether or not there is agreement on mandates, district voting and direct elections, matters which are important; but I think that the most important thing at present is to consider the political area, and to seek lines of convergence. Amnesty, the restoration of the federation's strength and party reformulation are more extensive political problems, concerning which convergent views may be obtained, regardless of affiliation with one party or the other. When these points have been decided upon, then it will be time to consider our electoral system, which we shall inevitably have to change, because it is not orderly."

With regard to amnesty, Sinval Guazzelli said: "Many members of MDB who have placed limitations on the plan here and there, because it is not unlimited, although it is comprehensive, cannot conceal the fact that, essentially, the government's proposal has pleased and even surprised them."

2909
CSO: 3001

POLICE SEEK RED ARMY MEMBERS REPORTEDLY SET TO ATTACK AMERICANS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Jul 79 p 17

[Text] The Brazilian security agencies are inspecting airports and borders in an attempt to identify and apprehend a group of Japanese members of the Red Army who reportedly left Japan on 28 June bound for Brazil, to make a series of attacks on Americans.

The vigilance at the landing of Japan Air Lines flights and those of other international companies has been intensified, and the passports of Japanese have been examined carefully. The police know that, in the counterfeit documents used by the members of the Red Army, there is one detail which could expose the terrorist: the chrysanthemum petals stamped on the pages of the passport, which are more separated.

Over 2 months ago, the Japanese consulate in Sao Paulo turned over to DEOPS [State Department of Political and Social Order] and the Federal Police several wanted notices on 15 Japanese Red Army terrorists who are reportedly residing in Sao Paulo, and may have made attacks on Americans during the visit made by the president of the United States, Jimmy Carter, to Japan at the end of last month. On the notice, containing the photos of 12 men and three women, there are the names of Fusako Shigenobu, Kazuo Tohira, Hisashi Matsuda, Akira Hihei, Haruo Wako, Junzo Okudaira, Norio Sasaki, Ayako Daodoji, Osamu Maruoka, Yoshiaki Yamada, Tsutomu Shirosaki, Yukiko Ekita, Juan Nishikawa, Kunio Bando and Hiroshi Sensui.

The police forces on the Paraguayan and Argentine borders have been alerted to examine all documents submitted by Japanese, Koreans and Chinese who enter Brazil through Foz do Iguacu and Rio Grande do Sul. The Brazilian authorities learned that the members of the Japanese Red Army are being aided by the subversive Argentine organization, ERP [Revolutionary People's Army].

In addition to the reports on the travel of the Japanese terrorists, the security agencies have also received an extensive dossier on the Japanese Red Army, which was reportedly formed in 1969 by extreme leftist students headed by Takaya Shiomi. This army rejects the revolutionary program of the Soviet Union, the People's Republic of China or North Korea. Trained in guerrilla

activities, it has resorted both to political assassination and skyjacking operations. Its activities have three targets, identified by the initials P, B and M.

"P" represents persons: These are important personages to be kidnapped in order to secure ransom or the release of members of the group.

"B" represents bombs and weapons (the Japanese word for arms is "buki").

"M" is money; the group will obtain it by holding up banks.

Its first successful blow took place on 21 October 1969, which was called "the international movement against war." The group, entrenched at its base, organized a "battle of Tokyo," and devised homemade bombs with pipes and explosives. Those bombs were thrown at police when Prime Minister Eisaku Sato was leaving for the United States to negotiate with Nixon on the restoration of the Okinawa archipelago to Japan. The Japanese Red Army also has ties with the Palestinian Popular Liberation Front, according to the report.

2909

CSO: 3001

ITAMARATY LAUDS LUSOPHONE-AFRICAN MEETING; JUSTIFIES POLICY

Portuguese Africa Union Praised

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jun 79 p 10

[Text] Brasilia--Itamaraty [Ministry of Foreign Affairs] revealed yesterday that it regards as very important the results of the summit meeting of Portuguese-speaking African countries held last week in Luanda. It pointed out that the joint communique, signed by Guinea-Bissau, Cape Verde, Sao Tome and Principe, Angola and Mozambique, affirms "the common desire to act in harmony to implement a strategy that will lead to the liberation and social development of their countries."

According to diplomatic sources, the holding of the summit meeting of the five chiefs of state represents a very important political act, because it indicates the intention of those countries to act as a bloc and, thus, to set up a barrier to prevent Guinea-Bissau and Cape Verde from going over to the sphere of influence of the French-speaking countries, geographically closer than Angola and Mozambique.

This emphasis on the common language demonstrates that those countries have already left behind the phase of national identity, because they are politically consolidated and mature to the point of forming a bloc, without fearing that their attitude will represent a restriction on their freedom and economic development, the sources stated.

The Ministry of Foreign Affairs pointed out that this move is also more important than the close ties between French-speaking and English-speaking countries, because the union of Lusophone countries is being achieved without participation by the former mother-country in the summit, as happens in the case of France and Great Britain, which arrange conferences and maintain close political and economic ties with their respective former colonies.

Because of its European option, Portugal does not maintain close ties with its former African colonies. Thus, the union between the five countries is being accomplished on an equal footing, in spite of the marked differences

between them. Itamaraty sources observe that the periodic holding of these meetings -- the next one will be in Mozambique -- will expand the possibilities for cooperation between those countries by facilitating an exchange of experience.

The Ministry of Foreign Affairs stresses that Brazil is not interested in replacing Portugal by putting itself in a position similar to the position of France and Great Britain with regard to their former colonies. "Brazil is interested in cooperating actively with each of those African countries that can benefit from Brazil's broader and more diversified experience, as well as from the mistakes committed by the Brazilian Government in its search for economic development, but we want a cooperation in both directions and from equal to equal."

The sources continue to state that Guinea-Bissau and Angola have already well understood Brazil's intentions. During recent visits by delegations from those two countries, the Africans showed great interest in Brazilian cooperation, because Brazil does not interfere in the internal affairs of other countries. "The Europeans -- both Western and Eastern -- always want to give us advice on the method of solving our problems. Brazil limits itself to offering economic or cultural cooperation, without meddling in our internal situation."

Angola's oil minister, Jorge Morais, stated, when he visited Brasilia and Rio de Janeiro recently, that his government wants privileged relations with Brazil and that an embassy is to be set up in Brazil this year. The minister of International Cooperation of Guinea-Bissau, Inacio Semedo, in turn, stated that his country desires long-range cooperation with Brazil on firm, permanent bases.

Within that picture, close cooperation can be intensified between the Portuguese-speaking African countries and Brazil, primarily because there is an identity of ecological conditions facilitating the adaptation of projects and experience, the sources point out. "With regard to social programs, like literacy, sanitation, housing, Brazilian experience can also be important by pointing out mistakes and accuracies of specific policies."

In the political field, the summit meeting established points of view that are shared by Brazil, like rejection of all forms of colonialism and imperialism, as well as refusal to recognize the elections held in Namibia and Zimbabwe. "We do not recognize any representativeness in the illegal, puppet executives who have set themselves up in those countries under the protection of the racist regimes."

Itamaraty Justifies Africa Policy

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Jun 79 p 6

[Text] Brasilia--The head of the Africa, Asia and Oceania Department in the Ministry of Foreign Affairs, Minister Marcos Azambuja, justified the policy adopted by Brazil with regard to the African continent, when he delivered a lecture to the Foreign Relations Committee of the Chamber. He pointed out that rapprochement with western Africa must not be carried out to the detriment of central and southern Africa. When he commented on the issue of Rhodesia, the minister said that Brazil advocates participation by all trends concerned -- including two guerrilla movements -- in dialog and in solving the political impasse in which that country finds itself.

In the case of Namibia, Minister Marcos Azambuja said that the Brazilian Government rejects the "internal solution" that South Africa insists on adopting, adding that "this is merely an artificial position that aggravates the problem instead of solving it." Azambuja also said that Brazil cannot use ambiguous language with regard to the fight against apartheid.

Minister Marcos Azambuja refused to make any comment concerning the presence of Cuban troops in Africa. He said that it is not up to Brazil to express an opinion, all the more so because it maintains excellent relations with some of the African countries in which those troops are stationed. He was referring especially to Angola.

A little earlier, Deputy Joaquim Coutinho, chairman of that committee, had said that recognition of the MPLA [Popular Movement for the Liberation of Angola] by Brazil has given rise to much internal controversial discussion, but it represented a positive factor, even with regard to the presence of the Cuban troops. Without referring to that congressman's point of view, Minister Azambuja merely stated that in the opinion of Brazil African matters should be handled and solved by the Africans themselves.

The head of the Africa Department, who analyzed sub-Sahara Africa only in his address and in the discussion part with the deputies, said that Brazil has no political problems with that continent, but "it must be discreet."

The diplomat warned against a certain "development euphoria" that inspires Brazil, at times, in its relations with Africa. He said that Africa's knowledge of what is happening in Brazil cannot be underestimated.

SWAPO

Similarly to what happened when he talked about Cuban troops in Africa, Minister Azambuja also tried to display extreme discretion, when Deputy Geraldo Guedes asked him whether SWAPO [Southwest African People's Organization], the movement for liberation of Namibia, had a communist content. The diplomat stated that he had no precise reply to that question, but he remarked that as far as he could observe SWAPO was "nationalist and clamoring."

Azambuja said, in addition, that it is absolutely necessary to expand and equip the network of Brazil's diplomatic representation in Africa, although he realizes that this network is already quite larger than the one that the other Latin American countries have.

10,042

CSO: 3001

SYMPOSIUM ON ANTARCTIC EXPLORATION TO CONVEENE IN JULY

Rio de Janeiro O GLOBO in Portuguese 18 Jun 79 p 14

[Text] The Brazilian Institute for Antarctic Studies (IBEA), in coordination with the War College Alumni Association (ADESG), will sponsor a symposium on the problems involved in exploration of the Antarctic, to begin in July in the Engineering Club. According to the president of the IBEA, Joao Aristides Wiltgen, the symposium seeks to stimulate interest in the Antarctic continent until it is possible to organize the first Brazilian scientific expedition to the region.

Brazilian interest in the Antarctic, an area of about 15 million square kilometers, runs into a basic problem: Brazil has never carried out a scientific expedition to the Antarctic. That fact prevents the country from being recognized as a country with the right to participate in the decisions of the Antarctic Treaty. However, Brazilian interest dates back to the end of the last century, when the president of the republic, Prudente de Moraes, received the Belgian Arctic explorer, Adrien Gerlache.

"In the present international juncture, Brazil cannot fail to participate at the side of the big powers in the benefits which scientific progress is providing the community. And the Antarctic is the continent that is becoming the target of very significant scientific research in the fields of meteorology and marine currents that influence the Brazilian coasts, as well as the studies of air currents with reference to the ionospheric factors that may affect radiotelecommunications, studies of marine fauna and flora, of organic metabolism, and of the schools of large fish that are most numerous in Brazilian rivers," the president of IBEA pointed out.

Public Interest Organization

For Joao Aristides Wiltgen, in 7 years of activity by the IBEA as a study organization and as a lobby vis-a-vis the government, "one of its goals was crowned with success, the adherence of Brazil to the Antarctic Treaty in July 1975, by virtue of a decree signed by President Geisel and Foreign Minister Azeredo da Silveira." The IBEA, however, seeks to be recognized as a public interest organization in order that through the receipt of tax-deductible donations it may finally sponsor the first Brazilian expedition to the frozen continent.

A year after it was founded, in 1973, the institute almost realized its desire to send 30 Brazilian scientists to the region. At that time it sought to acquire a Norwegian ship built especially for navigation in the frozen polar regions. At the present time, according to Engineer Wilgstein, an expedition to the Antarctic would cost about 25,000 cruzeiros per day, including the leasing of a vessel. The expedition would have to take place during the 3 months of summer, when the local temperature varies between 0 and 10 degrees below.

The meteorologists, biologists, doctors and physicists who participated would have the support of their respective organizations. They would take about 12 days to reach the area. That travel time would be due to the submarine soundings that might be made during the voyage, since the distance from Rio to Palmer Peninsula, the Antarctic region closest to South America, is half the sea distance between Rio and Lisbon. A Brazilian expedition to the Antarctic would certainly have as its destination a place near the permanent bases or research sites maintained in that continent by 11 countries. The first Brazilian expedition to the Antarctic would thus assume the nature of "studies for a future expedition when the scientists would have a better idea of what to do in terms of research," added engineer Wilgstein, who says that the expedition therefore would not remain on the continent for more than a week.

A Rich Desert

The Antarctic, the most inhospitable region in the globe, has an area twice as large as Brazil, but about 230 million years ago it had a predominantly temperate climate. That is concluded from the presence there of coal and oil although there are also other minerals there that do not presuppose an earlier period of intense vegetable life, such as copper and uranium.

Most of the year, the Antarctic soil is hidden under a cover of ice ranging from 1.5 to 2 kilometers thick. The icebergs that break away from the continent have also been the subject of a much-commented upon project by Saudi Arabia, whose Prince Muhammad al-Faisal sought to irrigate the desert in his country by towing a 100-million-ton iceberg there.

There is also interest in the Antarctic because it contains the least polluted ocean waters and the richest in animal and vegetable life on earth. There is a type of shrimp there, the krill, which contains the same amount of protein as meat and should become one of the most important new foods for man, giving the Antarctic the potential of becoming in the medium term the greatest fishery producer in the world.

Ninety-nine percent of the usable fresh water in the globe and 90 percent of the existing ice are concentrated in the Antarctic, making the continent a veritable "water reservoir" of the world the use of which has already been calculated by the scientists: that water stored in a solid state could keep all the rivers on earth flowing for a period of 1,000 years.

Research and Politics

"Slices" of the Antarctic continent are claimed by seven countries: Argentina, Australia, Chile, France, England, New Zealand and Norway. Together with the United States, the Soviet Union, Japan and South Africa--which are opposed to those territorial claims--they comprise the group of countries signing the Antarctic Treaty in 1959. The document will remain in effect until 1991 and preserves the continent, through international cooperation, as a place intended exclusively for peaceful purposes the results of which must be freely exchanged among the countries, in addition to the prohibition on the use of nuclear and conventional weapons.

If Brazil were to follow the position of the "territorialist" countries, it could petition for a "slice" of the Antarctic according to a cartographic projection of its territory over the frozen continent. But the country is not currently among the countries that must be consulted about the problems of the region. That situation is due to the fact that Brazil has never participated in local research although the Brazilian Institute for Antarctic Studies has collaborated with expeditions of other countries and organizations, donating the material collected (geological, paleontological and ichthyological) to the national museum.

Brazil was the 19th country to sign the Antarctic Treaty together with Poland, Romania, Czechoslovakia, East Germany, Denmark and Holland. But it needs to carry out scientific research in the continent to be recognized in the "Antarctic club."

An official expedition by us to the continent is even more remote than one sponsored by an organization such as the IBEA because it depends on the decision of the National Security Council and the Armed Forces General Staff. Brazilian scientists, especially meteorologists, consider research in the region of great importance because the Antarctic "from the meteorological point of view, is practically contiguous with Brazilian territory owing to the dominant influence of polar phenomena on our climate."

8711

CSO: 3001

USE OF ALCOHOL IN OIL-SUBSTITUTION PROGRAM DISCUSSED

Figueiredo Calls Alcohol Priority

Rio de Janeiro O GLOBO in Portuguese 11 Jun 79 p 14

[Text] Brasilia--Alcohol is Brazil's answer to the energy crisis. It ranks the same in priority as the use of nuclear energy for peaceful purposes. It is the great challenge of the 1980's which the Brazilian nation will have to face and surmount.

These statements were made by the president of the republic, Gen Joao Baptista de Figueiredo, in an interview given by the Planalto Palace yesterday to newsmen. President Figueiredo said that Brazil has demonstrated its capacity for overcoming other obstacles of the same magnitude: "The production of alcohol for energy uses is as significant now as our entry into the manufacture of sophisticated automobiles, ships and aircraft. It ranks the same in priority as the use of nuclear energy for peaceful purposes."

President Figueiredo said that "work and creativity" are necessary in agriculture, wherein the critical progress will be in productivity. He remarked: "In industry, we must open up technological paths for modernizing alcohol production and making it cheaper, in its twofold use as a source of energy and a raw material for the chemical industry."

According to the president, the petroleum problem is a worldwide one, and Brazil "can and should" appear as an innovator and pioneer in the use of its natural resources. Figueiredo said that, in this process, "we shall be discovering new sources of wealth for our own benefit and that of all mankind."

The president also said that the Brazilian discoveries in the area of renewable energy sources "will occur at the very time when the known oil reserves are nearing the critical point."

Cals Discusses Methanol Program

Rio de Janeiro O GLOBO in Portuguese 11 Jun 79 p 14

[Text] Brasilia--Today, the minister of mines and energy, Cesar Cals, convened the Superior Energy Council to assess all possibilities for carrying out a program in the country to produce methanol from lumber. After the meeting of the CDE [Economic Development Council] which adopted measures for expanding the alcohol program last week, the minister announced that methanol could be substituted for the diesel oil used in buses and freight fleets.

Methanol is a type of alcohol with a greater capacity than the ethanol produced in the country for replacing gasoline and part of the diesel fuel. The raw materials known to date for its production are coal, lumber, naphtha and waste material. It is a toxic alcohol which can cause blindness if it comes in contact with the eyes, or death if it is taken orally.

Toxicology

A scientific article by N. Irving Sax, published in the United States and entitled "Dangerous Properties of Industrial Materials," claims that "because of the slowness with which it is eliminated, methanol should be regarded as a cumulative poison."

The article states: "Its main effect takes place on the nervous system, especially the optic nerves and possibly the retina. The effect on the eyes has been attributed to optical neuritis, which disappears, but is followed by atrophy of the optic nerve."

Forests

CESP [Sao Paulo Power Plants] wanted to develop a plan for producing methanol to replace fuel oil. The company's information includes the projections for the consumption of this oil by the industry up until 1984: namely, 22.7 million cubic meters (the current consumption is about 18 million cubic meters). The heat-producing power of methanol is regarded as equivalent to half that of fuel oil.

Prices, Consumption, Strategy Cited

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jun 79 p 26

[Text] Yesterday, the minister of mines and energy, Cesar Cals, said that the price of oil this year as a result of the OPEC increase will be nearly \$7 billion. He explained that the increase will raise the cost of oil by \$600 million, and that this figure would change, depending on the prices of the other producing countries. He added that, officially, Brazil has only the new prices from Saudi Arabia (\$18 per barrel) and Algeria (\$23.5 per barrel).

However, Cals noted that the increase would not lead the country into an economic recession, adding that the population must realize that it is essential to economize on fuel. The minister remarked: "The hike has affected the economy of the consuming countries, such as Brazil, which consumes a million barrels per day. Only by drastically cutting consumption can we develop the economy."

The possibility of rationing was, nevertheless, precluded by the minister, who explained that the government is not considering the measure, at least for the time being. He added that, at the present time, gasoline "is not our worst enemy; what is really burdensome is the diesel and fuel oil."

He said: "Gasoline no longer leads imports. It rose from 14.6 million cubic meters in 1975 to 15.2 million; whereas diesel oil increased from 12 million cubic meters in 1975 to 16 million, and fuel oil rose from 14.8 million to 18.6 million. The most forceful energy measures now will be directed against the oils." Cesar Cals said that, in the afternoon, he had talked with tobacco manufacturers in the town of Santa Cruz do Sul, and told them that, this year, the ministry reduced fuel oil 10 percent, and that within a year or two it would be cut 100 percent as a maximum. He added: "Coal will have to be the option."

Strategy

Cesar Cals said that his ministry's strategy for coping with the problem of consumption of oil and its byproducts was based on the energy model being debated in the country. The model is established in accordance with three policy lines: to increase petroleum production from 500,000 cubic meters in 1978 to 700,000 cubic meters in 1979, and a million in 1980, with PETROBRAS [Brazilian Petroleum Corporation] engaged in prospecting, exploration and production; conservation of energy (energy measures carried out jointly with the Ministries of Transportation and Industry and Commerce), the rationalized use of petroleum byproducts, replacing them with other sources; and full utilization of all the national energy sources, diversifying and preventing the transportation of energy.

PETROBRAS

With regard to PETROBRAS' position toward the OPEC increase, Cals said that the company is engaged in a herculean effort to discover oil: "We have increased the goal in oil drilling from 527,000 cubic meters in 1978 to 730,000 cubic meters in 1979. Brazil has the greatest concentration of drill bores in the world, and I have already ordered PETROBRAS to acquire all that are available."

Alcohol a Solution to Imports

Brasília CORREIO BRAZILIENSE in Portuguese 27 Jun 79 p 9

[Text] Yesterday, the minister of industry and commerce, Joao Camilo Ferra, justified the National Alcohol Program [PROALCOOL] as one of the options for

reducing Brazil's "vulnerability" in the area of energy, by replacing part of the petroleum byproducts imported by the country.

Speaking at the "Symposium on Conventional and Alternate Energy Sources," sponsored by the Chamber of Deputies' Committee on Mines and Energy, the minister upheld priority for the development of PROALCOOL, inasmuch as this sector is regarded as one of national security, since alcohol is a highly important alternate source of energy. The minister also announced that measures are under way to replace diesel and fuel oil with Brazilian energy sources, such as coal and hydroelectric power.

According to Camilo Penna, the consumption of diesel and fuel oil in our various industrial sectors must be reduced; and, in this connection, business owners must be made aware of this, since they are responsible for Brazil's economic development.

In justifying PROALCOOL, the minister claimed that Brazil is entitled to hope to find abundant oil in its territory, or to be able to purchase it at a good price on the international market, but that it cannot trust that one of these two options will occur.

Camilo Penna also explained that all of Brazil's exports of mineral and agricultural products are not sufficient to pay for the oil purchased abroad to meet domestic consumption. Moreover, there is no guarantee that there will be a supply of the product on the international market, nor that the prices will not reach levels that are untenable for Brazil.

In response to a question asked by a deputy, Camilo Penna said that the government is not considering rationing fuel for the time being, because the measure would entail a series of technical and even economic factors (a possible feeding of inflation); and, furthermore, it would be a "drastic position" in his opinion, which is not very compatible with the democratic openness that is in progress in the country.

However, the minister is of the opinion that the population as a whole bears a responsibility for the process of saving on fuel; and he gave a reminder that the increase planned in alcohol production would only be sufficient to cover the rise in consumption from now until 1985. By that year, Brazil expects to produce 10.7 billion liters of the product, to be used in the following proportions: 6.1 billion for vehicles powered exclusively by alcohol; 3.1 billion in a gasoline mixture based on 20 percent; and 1.5 billion for alcohol chemistry.

Camilo Penna said that gasoline, diesel oil and fuel oil, which total about 85 percent of the petroleum byproducts, are used basically for industrial production and the transportation sector; and hence the development of plans that will make it possible to change this situation is of the greatest importance. In the industrial sector, the basic notion is to replace diesel and fuel oil with electric power, coal and charcoal, and alcohol itself.

In the transportation sector, the minister stressed the fact that the highway system, which consumes the largest amount of fuel, accounts for the transportation of 96 percent of the passengers in the country, and 70.2 percent of the goods that are shipped, a percentage that he thinks should be decreased.

Tripled Alcohol Production Sought

Brasília CORREIO BRAZILIENSE in Portuguese 25 Jun 79 p 6

[Text] Belo Horizonte--Yesterday, the minister of industry and commerce, Iloa Camilo Penna, chairman of the newly created National Alcohol Council [CNA], announced that the new government entity would make an effort to triple the production of alcohol in the country by 1985, increasing it from 3.5 billion to 10.5 billion liters per year, "an assignment which will be incumbent on national private enterprise, which will have government backing for this purpose, in the form of subsidies for the interest required for financing that the government will assume through the national treasury."

According to Camilo Penna, the government decided to turn this task over to private enterprise "in a clearcut demonstration of its intention to denationalize."

The minister of industry and commerce explained that the CNA, under his chairmanship, is comprised of the general secretaries of the various ministries involved in the alcohol program, and "is a council unprecedented in the country, with great executive power, whose regulations are due to be completed within the next few days, for the purpose of tripling the national production within the next 5 years, as part of the plan to replace fuel consumption." He also disclosed that over 30 offices in the country have now been authorized by the Ministry of Industry and Commerce [MIC] to adapt gasoline engines for hydrous alcohol; giving a reminder that, just a month ago, only one office was so authorized. When asked which states now have authorized offices, he said that virtually all the most important ones have, "with the exception of Minas Gerais, because of the fact that, strangely enough, none of its offices have yet shown up at the MIC for accreditation."

Minister Camilo Penna, commenting on the "package of measures relating to industrial development," or the "storage shed of industrial policy," as it has been termed, explained that there has been no attempt to "subject the proposed measures which are currently being discussed by the ministers in the economic area within the internal confines of the government to public debate."

He claimed that the various suggestions and proposals for the formation of the "package" are not yet ready for public discussion "but as soon as we note that they have reached maturity, which should occur within the next few months, the package will be submitted to the business planning classes for debate."

He explained that the constant revision of "industrial shed" we aim at updating existing measures to cope with the new realities in the sectors for capital goods, and durable and semidurable consumer goods, as part, in turn, of the new realities in the balance of payments, the foreign debt and the new income profile that will be sought in the country.

Alcohol Powered Fiat Disapproved

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Jun 79 p 1

[Text] Fiat's alcohol powered car was not approved by the Engine Department of the Technical Aerospace Center [CTA] because it consumes 40 percent more than a gasoline powered car does. This is the first alcohol driven car produced in Brazil, which has attempted to pass the CTA tests, using foreign technology. Therefore, the introduction of the new car will have to be postponed until it meets the requirements of the Brazilian Government. Over 3 years ago, the CTA developed an alcohol driven engine with a consumption rate of no more than 15 percent.

Bus Line Experiment With Alcohol

Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 Jun 79 p 1

[Text] Yesterday, the Metropolitan Urban Transport Company (EMTU) announced that an experimental line of buses powered by alcohol will go into operation in August, covering a route of 36 kilometers between Barueri and the Metro's Ponte Pequena station.

The experiment will last for 90 days and, according to EMTU president, Oliver Sales de Lima, it is due to be extended to other bus lines in Greater Sao Paulo. The total substitution of fuel in the sector would amount to 620 billion liters per year, and would represent \$270 million in oil imports.

Over the short term, however, the measure will not show economical results, because the alcohol costs 50 percent more than diesel oil. The fare charged will be 18 cruzeiros, to meet the operational costs; but, even so, the EMTU sees advantages for users, particularly with regard to the integration with the Metro.

Alcohol Program Accelerating

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Jun 79 p 26

[Text] Yesterday, the minister of industry and commerce, Camilo Penna, said that PROALCOOL's production target for 1985 may be met in advance, because the frequent hikes in oil prices are making the use of alcohol in engines increasingly viable in economic terms. According to Penna, the cost of alcohol at the present time is slightly higher than that of imported oil; but this slight difference will be eliminated soon.

Cals on Energy Policy, Plans

Rio de Janeiro O GLOBO in Portuguese 19 Jun 79 p 21

[Text] Yesterday, at the Engineering Club, the minister of mines and energy, Cesar Cals, announced the establishment in the near future of an energy model

the purpose of which will be to reduce Brazil's dependence on imported oil. He said: "We shall need the nation's total support for this model; either it will unite in backing it, or our plan will be impossible."

The minister divided the model into three courses of action: a considerable increase in petroleum production; more forceful measures to conserve energy and rationalize the use of petroleum; and the replacement of petroleum with other sources within a short time.

He recalled that, although the nation's status with respect to dependence on petroleum from abroad is critical, "Brazil is in the best position among importers, because we no longer view petroleum purchases as a mere buying and selling operation, but rather as cooperation among countries. In addition to the price of the petroleum, we are giving the Arabs technology in well-known areas, and we are affording opportunities for the export of uranium, iron and bauxite." He claimed that Brazil is the only country which is not purchasing petroleum on the spot market (at auction). He remarked: "All our imports are made on the contract market, and several countries have asked Brazil to intercede in an attempt to temper the current conditions on the market."

More Petroleum

He declared: "If there is oil in Brazil now we shall discover it, because the effort that is being expended is unprecedented in the history of PETROBRAS."

Cesar Cals noted that, as of May, no less than 98 percent of the timetable set for the drilling had been carried out, and that there are now 32 offshore drills in operation for which the Brazilian company is responsible, and five additional units belonging to the foreign groups which have risk contracts for petroleum searches.

The minister announced that, starting in the second half of this year, PETROBRAS will have 11 teams of geologists working on petroleum investigation. There are at present five teams operating in the country.

As for rationalizing the use of petroleum, he cited some figures to explain that gasoline is no longer the main factor of concern to the government insofar as the consumption of petroleum byproducts is concerned. He demonstrated with projections that, in 1975, automotive gasoline consumption was 14.6 million cubic meters, and rose to 15.2 million cubic meters in 1978; while the consumption of diesel oil rose from 11 million cubic meters in 1975 to 16 million in 1978, and fuel consumption increased from 14 million to 18 million cubic meters. He remarked: "As you gentlemen can observe, gasoline is now no longer the factor mainly to blame for petroleum imports."

The Consumers

Cesar Cals gave a demonstration based on byproducts, showing what is chiefly responsible for consumption. Insofar as gasoline is concerned, 100 to 120

is consumed by the highway system, 59 percent on roads and 41 percent in the cities. As for diesel oil, 77 percent is consumed by the transportation system and 13 percent by industry. Finally, in the fuel area, 88 percent is consumed by industry and the remaining 12 percent by electricity and waterways. As for the consumption of fuels in industry, the cement industry consumes 21.6 percent of the total; the refineries, 15.9 percent; and the ceramics, petrochemical and iron and steel industries, 12 percent each. They are followed in descending order by activities such as the food, paper and cellulose, textile and other industries.

Alcohol should be produced, all of which the government would purchase.

Cesar Cals said that the determination of 10.7 billion liters of alcohol by 1985 announced a few days ago by the government was only a reference figure. "The production may be better. At present, gasoline consumption amounts to over 15 billion liters, and in 1979 the production of anhydrous alcohol will total 3.5 billion liters. Hence, what is still lacking could be produced."

However, the minister cautioned that "PROALCOOL is not so simple as might be thought. It depends on many contingencies which affect our area." He mentioned problems of a technical nature related to anhydrous alcohol, for example, the danger of its being kept in storage too long, "because it ends up becoming separated from the gasoline." On the other hand, he noted that the goal of 20 percent added to gasoline would be attained this year, and that the next step is 100 percent. But, in order to embark on this new stage, there must be perfect synchronization between the sugar mill owners and the automobile industry.

Cesar Cals said that studies are being made of the creation of a company comprised of sugar mill owners, automobile manufacturers, the PETROBRAS distributing entity and other business forces the purpose of which would be to invest intensively in alcohol production.

He stated that, as a replacement for diesel oil, consideration is being given to methanol with certain vegetal additives. In the case of fuel oil, a study is being made of the use of solar energy for industrial pre-heating, as well as coal. He said that electrical energy is not suitable for heating the boilers of factories, because the cost is too high. "In order to adapt all the factories in the Southeast to electric power, there would have to be 47,000 milliwatts, whereas the installed capacity in the country is 26,000 milliwatts."

Still Petroleum

Cesar Cals guaranteed that the best energy alternative is still petroleum, and therefore the country intends to invest heavily in prospecting for it. He compared the gross costs of alcohol and gasoline, noting that the price of a barrel of gasoline (with petroleum priced at \$13) is \$27, while a barrel

of alcohol costs \$37. He gave a reminder that uranium will also be another solution, stating that "the entire Northeast is filled with uranium."

The minister gave assurance that the Southeast lacks a supply of electric power, and that there will be a deficit by about 1987. "The minister is perhaps more of a technician than he is a politician, and when he said that, the Southeast did not understand." He stated that the plans for reversible plants and fewer bankruptcies would receive priority in his administration.

State Alcohol Monopoly Opposed

Rio de Janeiro O GLOBO In Portuguese 11 Jun 79 p 15

[Text] Sao Paulo--To reverse a trend in Brazil's energy area and (with the initiative of a strong presence at the right time) to disrupt the action of the state monopoly in the fuel sector: these are reportedly the two reasons which prompted a group of businessmen who produce equipment, and owners of sugar mills and alcohol distilleries to create a company the aim of which is to streamline PROALCOOL and to insure the execution of the program without exclusive dependence on the paternalism of the state, as was noted in an interview held by O GLOBO with businessman Lamartine Navarro Jr. one of its organizers.

The idea came into existence 3 months ago, and the company was recently given the name INVESTALCOOL (Alcohol Investment). However, its structure and by-laws are still in the organizational phase, and even its name is due to be changed, probably to Alcohol of Brazil, Inc. Its activities are scheduled to begin within a month, a period during which the formalities involved in the creation of the new firm will be completed and even a possible participation by the BNDE (National Economic Development Bank) will be negotiated. However, one detail has already been established: PETROBRAS will have a minority share of 20 percent of its capital of 1 billion cruzeiros. Is this incoherent?

Lamartine Navarro replies: "It is a means of preventing PETROBRAS from having a monopoly on alcohol in Brazil. And we also want a dialog with PETROBRAS, so that it will learn that it is not going to save the country all by itself. We in private enterprise also want to save the country, and we are in a position to do so. Furthermore, we shall take care in our bylaws not to allow PETROBRAS to take over our company in the future."

According to Lamartine Navarro, the government thus far has not been in any hurry to activate PROALCOOL. As vice-president of the Alcidia Distillery, Inc, he could claim that it took 3 years to obtain approval for its first distillery plan. At present, it takes 9 months for a plan to go through all the bureaucratic red tape and finally be approved. This is happening at a time when alcohol, as an alternative fuel replacing gasoline, has assumed great importance as something vital to the nation's future.

It is at this very time that Alcohol of Brazil has taken its position: Navarro Jr explained: "If national private enterprise does not immediately become involved in the alcohol program, it will inevitably come under the state area; and it is this timely participation by private enterprise that our company intends to create. It is a conscientious participation wherein we must have PETROBRAS on our side and not against us, with the same premise holding true for the other state entities."

How will this involvement be attempted? Through a campaign of creating awareness of the importance of alcohol to the country, addressed to business owners and aimed at giving them an incentive to build distilleries, and offering backup services ranging from investment to mere guidance for groups of farmers interested in the program. Meetings will be promoted between land owners who lack a management capacity and industrialists who have management capacity but who lack land.

Services

The new company also intends to establish a model that will afford the small farmer's participation in the system, and to devise a backup plan through a "lobby" service in the financial agencies and their agents to speed up the process of approving plans. There will be a regular service providing information to government sectors, to eliminate bottlenecks that exist in the process. There will be share-holding, at all times through preferred stock, in plans which require capital in order to become viable. And companies seeking information will be directed to the firms involved in the plans because, as Navarro Jr remarked, Alcohol of Brazil will not make any plans for anyone.

He said: "Our company also intends to lead the participation of private enterprise in the alcohol-chemical area, so as to prevent the entry of the multinationals in this sector."

He also admits that the company might even assume the role of a redistributor of funds, because the BNDE and its subsidiary, IBRASA, do not participate in plans of small dimensions. Hence, the new company would be willing to assume greater risks than the latter agencies are ready to confront, serving as an intermediary in supplying funds to small firms which may not have access to the alcohol program otherwise.

The results of the activities of this new company will have to be mainly indirect, in addition to the normal ones which should accrue from the investments in preferred stock. As Navarro Jr remarked: "It is in the interest of the equipment industries that new orders be received, of the distilleries that there be a market for their alcohol production, and of the automobile industries that alcohol be established as an alternate fuel and that the future demand be guaranteed. There can be no wealthy company in a poor country, especially if it does not have fuel with which to operate."

Automotive Industry

This is the reason which should prompt the automotive industries established in the country to participate in the new company with between 350 million and 500 million cruzeiros apiece, through the contacts which have already been started by their coordinators (Luis Biagi from Zanini, Dovelio Oneto from Dedini, Lamartine Navarro Jr from the Alcidia Distillery, Rui Silva from the RS [Rio Grande do Sul ?] Distillery, Cicero Junqueira Franco and Eduardo Diniz Junqueira from the Rosario Valley Sugar Mill).

For the same reason, equipment companies such as Zanini, Dedini, Conger, Engesa, Ibafe and Santal, as well as groups of sugar mill owners from the Rosario Valley, Santa Elisa, Maracai, Nova America, Santa Lidia and Sao Martinho sugar mills, and distillery owners of such plants as Univale, Guaricanga, Debrasa, RS and Aquarius, have become associated with Alcohol of Brazil, Inc, with a maximum share of 20 percent apiece.

At the outset, the new company will have two causes to defend in public: to explain the difficulties that have arisen in the storage and distribution of alcohol, and to defend the immediate production, on an industrial scale, of a larger volume of vehicles with alcohol-powered engines.

Navarro Jr claims: "Those publicized problems in the storage and distribution of alcohol throughout the country are a result of remarks by PETROBRAS, which wants to control the alcohol program. It is far more difficult to distribute gasoline than alcohol. In fact, the entire system for gasoline distribution that exists is also perfectly equipped for distributing alcohol."

He maintains that the plants and distilleries are now required to maintain stocks amounting to nearly 7 months' production of alcohol in order to provide supplies for 12 months. This storage does not demand any special equipment, because ordinary steel tanks are used. Nor is there any obstacle to using the same tanks which store gasoline at the stations for distribution to the consumer for the specific holding of alcohol.

He explained: "All that will be necessary will be to clean those tanks to remove the traces of gasoline and dirt that have accumulated, and to fill them with alcohol. The same thing holds true for the tank trucks which distribute fuel. This means that it will be possible to use for alcohol the same system used for distributing and storing gasoline, without any problem.

"The best thing that could be done would be to use all the high-test gasoline tanks and pumps to store and distribute alcohol, without any added expense."

He also made a linear calculation to prove that the production of 10 percent of new vehicles with engines powered exclusively by alcohol starting next year, in accordance with the government's intention, is ridiculous. Since the total production of the automotive industry is estimated as remaining at about 1 million vehicles, that 10 percent would represent 100,000 cars powered by alcohol by 1980.

Market

It is quite true that, at the present time, the alcohol production throughout the entire country is estimated at 3.8 million cubic meters, which is only sufficient to allow for a 20 percent mixture with gasoline. However, nearly 50 new plants are under construction, each of which should produce an average of 330,000 liters per day.

It is PROALCOOL's goal to create 80 new distilleries per year, with a capacity to produce 240,000 liters per day apiece, thus accruing an annual increment of 2.88 million cubic meters.

If an automobile is driven an average of 700 kilometers per month, at a rate of 8 kilometers per liter of alcohol, the monthly consumption would be 87.5 liters, or nearly 1,000 liters of alcohol per year. This means, hypothetically, that 100,000 new cars would consume 100,000 cubic meters of alcohol per year. This being the case, an annual increase of 2.88 million cubic meters of alcohol production could supply 2.88 million vehicles per year, starting in 1980. In other words, according to Navarro Jr's reasoning, the automotive industry would have to produce a million new vehicles powered by alcohol per year, and convert nearly 1.88 million of the vehicles currently in circulation to the use of alcohol, in order to meet PROALCOOL's estimated production.

Alcohol From Sorghum Proposed

Rio de Janeiro JORNAL DO BRASIL in Portuguese 17 Jun 79 p 32

[Text] Sao Paulo--Without a need for new industrial investment, the national alcohol production (the 1980-81 forecast for which is 4.5 billion liters) could increase to 7 billion, with a 60 percent rise in the income of the plants. What is responsible for this is saccharin sorghum, which would act as a supplement during the period of idleness in the use of sugar cane, which lasts for 6 months.

This prediction was made by Prof Romeu Corsini, of the Transportation Department at the USP's [University of Sao Paulo] Sao Carlos Engineering School. He was emphatic in stating: "These results could even be increased to an extraordinary extent;" announcing that he was "ready to start construction on the prototype of his plan for mini-plants." This took 6 years of work, and now opportunities have opened up for the mass production and installation of these plants all over the national territory, with an estimated capacity for producing 20,000 liters of hydrous alcohol made from sugar cane and sorghum per day.

The Sorghum

Sorghum is a gramineous plant, similar to sugar cane. Whereas the latter produces one harvest per year, saccharin sorghum (which is considered ideal

for alcohol production) provides up to three harvests per year. After the seeding, this plant of African origin has a very short vegetative cycle: between 90 and 130 days. There are over 600 varieties; for example, the saccharin type has 40.

Moreover, a panicle grows on the upper part the grains of which resemble those of corn, with an identical starch content. In China, for example, these grains are substituted for wheat in making bread.

Prof Corsini explained that the production in Brazil is slight, and limited mainly to forage and graniferous sorghum. "Its advantage is the high degree of productivity; with three harvests per year, sorghum amounts to 45 tons of culm per hectare. Sugar cane amounts to 60 tons of culm per hectare, but it has only one harvest."

He added: "Another advantage is that saccharin sorghum allows for complete mechanization from its cultivation to the harvesting, making it completely different from sugar cane which, in Brazil, requires virtually manual planting and harvesting."

Productivity

Prof Romeu Corsini also remarked that the industrial productivity of sorghum is equivalent to that of sugar cane (70 liters of alcohol per ton of culm), and its production proves very good between February and May in the southern states, when the present sugar mills are at their highest level of idleness.

He cited several advantages in using sorghum for alcohol production: Excluding the start of operations by mini-plants, alcohol production will reach 7 billion liters by 1981. The profitability of the plants will increase, and their costs will decline, thereby giving a guarantee for a market to the sugar cane and sorghum grower and for employment to rural workers.

Proposal

A proponent of the complete viability of sorghum, Prof Romeu Corsini calls for the immediate creation of a plan for growing the gramineous plant all over the national territory.

"My proposal is to organize a special committee to implement the plan, comprised of the Ministries of Industry and Commerce and Agriculture, the National Alcohol Commission and the State Secretariats of Agriculture, and Industry and Commerce."

He explained that there is a need to import saccharin sorghum seed of the varieties recommended by EMBRAPA [Brazilian Company for Agriculture S.]. "The distribution will be free of charge to the growers, who will have at their disposal assistance on the agricultural technology relating to sorghum."

"These costs of importing seed will be slight, because 3 kilograms suffice to plant a hectare of sorghum. EMBRAPA would also have a system for obtaining seed; therefore, by the second or third year, there would no longer be any need to import."

Prof Romeu Corsini made a point of mentioning the high productivity of sorghum. In late October, at the Barra plant in Barra Bonita, in the interior section of Sao Paulo (owned by the Ometo group), saccharin sorghum was planted; and in February, 70.9 tons per hectare, 75 tons and 71.2 tons, respectively, were harvested from the three varieties (Ramada, Roma and Brandes) in one harvest.

The plan for the mini-plants to produce alcohol from sugar cane and saccharin sorghum entails a capacity in each industrial unit of 20,000 liters per day. Prof Corsini reports: "If they were built one by one, and this has always been done and still is being done, their cost would amount to 70 million cruzeiros. But the mass production with standardization, estimated at 1,000 units, would cost between 20 and 25 million cruzeiros."

He said: "This should begin immediately, as well as the large-scale cultivation of saccharin sorghum;" adding that the return on the investment for the construction of a mini-plant is estimated at about 40.5 percent, as a rate of return in 2 and a half years.

Prof Romeu Corsini reported that the main interest in saccharin sorghum for the mini-plant plan is that it would "supplement the period of the sugar cane harvest, so as to keep the plant operating all year, with a considerably larger earning power." He admits that, in the near future, the country may acquire experience and start operating plants for producing alcohol exclusively from sorghum.

For each liter of alcohol produced from sorghum and sugar cane, there are between 15 and 20 liters of liquid remaining, the indiscriminate discarding of which into rivers causes serious damage to the ecology. Prof Romeu Corsini explained that this type of problem would not occur with the liquid residue. Experiments at the Luiz de Queiroz Higher School of Agriculture in Piracicaba have proved its successful use as a fertilizer in the sorghum or cane plantations themselves.

"At the Luiz de Queiroz Higher School of Agriculture, Prof Urgel de Almeida Lima applied a large amount, nearly 1 million liters of liquid residue, to a hectare (10,000 square meters) planted with sugar cane. In the second cutting of that cane the productivity amounted to 200 tons per hectare, which continued until the sixth cutting."

Prof Romeu Corsini remarked that, in the case of sugar cane, there is still a need to supplement the fertilization. He said: "But sorghum will not demand anything more than its own liquid residue, or a little more. Hence, the advantages of growing and producing sorghum will also make our independence in the area of fertilizers possible."

2909

CSO: 3001

CACEX SURVEYS FOREIGN TRADE DURING FIRST QUARTER

Rio de Janeiro O GLOBO in Portuguese 22 Jun 79 p 20

[Text] Brazil's political rapprochement with the Arab countries has not brought it in dollars within the official expectations, according to the conclusion of experts on foreign trade, based on statistical data from CACEX [Foreign Trade Department (of the Bank of Brazil)], published yesterday.

According to the official data, contrary to what was anticipated, Brazil reduced its exports to the countries in that area and increased its purchases, in terms of expenditure of foreign exchange, as a result of the rise in oil prices.

According to the survey by CACEX, Brazil imported, in the first quarter of this year, goods (primarily oil) from that area amounting to \$950 million, compared with exports of only \$61.6 million. In the same period last year, Brazil's purchases amounted to \$7.8 million, compared with acquisitions [sic] amounting to \$66.[figure missing] million.

In general Brazil had a trade surplus with the United States in the first 3 months of 1979 amounting to \$31.8 million, compared with a deficit of \$62 million in the same period last year. It also had a surplus with the European Common Market, almost on the same basis as in 1978, when it amounted to around \$175 million.

In foreign relations, there also was the traditional surplus with the socialist nations in eastern Europe. In 1979, Brazil exported products to that area amounting to \$200 million and imported \$51.2 million, compared with \$150.2 million and \$56.4 million, respectively, last year.

In relations with Latin America, Brazil continued to show a deficit, with purchases amounting to \$494.7 million and sales amounting to \$467 million.

In 1979, relations with so-called Black Africa also do not show any great change, unless it is a decrease in Brazilian sales - contrary to a m...

favorable expectation, especially because of Angola's demand -- because, instead of increasing, Brazilian sales to that area recorded a decline.

According to the CACEX statistics, in the first quarter of 1979, Brazil sold products to Black Africa amounting to \$133.2 million, compared with \$152 million in 1978. It is true that imports also were fewer, declining from \$120.7 million to \$76.9 million. The figures, in general, confirm a frustration in trade with that area, especially with the former Portuguese colonies (Angola, Guinea-Bissau and Mozambique), where Brazil still appears as a rather insignificant seller, in overall terms of demand by those markets (which have to buy everything abroad) and the sales potential. It suffices to say that, in the quarter, products amounting only to \$9.6 million were sold to Angola, the largest country.

10,042

CSO: 3001

LIBYA SEEKS SHIPPING PACT, ARMS SUPPLIES, FARM PRODUCTS

Shipping Agreement

Rio de Janeiro O GLOBO in Portuguese 29 May 79 p 18

[Text] Brasilia--Libyan Ambassador Bashir Fadel said yesterday that his country is interested in creating a shipping company with mixed Arab and Brazilian capital to reduce the prices of goods exchanged between the two countries. Ambassador Fadel revealed also that the proposal had already been submitted to the government through the Foreign Ministry by Libyan Minister Abd al-Majid Qaud during his visit to Brazil a year ago.

According to the Libyan ambassador, the majority of Arab countries are interested in signing a special shipping agreement with Brazil. The topic will also be included in the agenda of Saudi Prince Ibn Aziz Fahed's talks during his visit to Brasilia within the next few weeks.

Difficulties

Ambassador Fadel pointed out that to date the Brazilian products exported to his country, including automobiles, spare parts and grains are not unloaded in Tripoli, the capital of the country, but in the port of Malta, halfway between Italy and Libya because of the absence of a special shipping agreement, a topic to be discussed at the forthcoming meeting of the mixed commission of the two countries.

"We cannot understand why Brazilian exports reach the Arab countries of North Africa at prices up to 50 percent higher than the same goods sent to Europe, despite the fact that through the Straits of Gibraltar, Tripoli is closer than the majority of European ports.

"In the opinion of Arab observers," the ambassador said, the difficulties encountered by Arab-Brazilian trade "are imposed purposely by the shipping companies, the majority of them of Zionist private capital although with state participation." Thus the interest of Libya and other Arab countries in creating a special company for trade with Brazil.

Mutual Interests

According to Ambassador Fadel, that company would be the link between Brazil and the Arab countries and even all of Africa since any product that reaches Tripoli can be delivered within 24 hours anywhere in Africa.

"We have oil which Brazil needs; in turn, Brazil produces food and has agricultural and industrial technology which we do not have. The Arabs have money, Brazil has the specialized manpower we need," said the Libyan ambassador, explaining that the economies of the two countries complement one another instead of being competing.

Libya today produces about 2 million barrels a day of the least polluting oil that exists in the world, comparable only to that of Ecuador, without any sulfur content. Brazil purchases about 25,000 barrels a day of Libyan oil to mix with oil purchased in the other Arab countries with a view to reducing pollution. The Libyan ambassador guaranteed that his country would take care of Brazil any time it were asked with reference to oil supplies inasmuch as the Libyans are in a position to double their production within 24 hours.

The existence of a direct shipping line between Tripoli and Brazilian ports, according to the minister, would reduce by 50 percent the prices of products exchanged by the two countries. As a direct consequence, he pointed out, Brazil would increase its export quota and would receive oil at more competitive prices since it would be free of the transport rates charged by the shipping companies.

Arms Supplies

Rio de Janeiro O GLOBO in Portuguese 7 Jun 79 p 25

[Text] Brasilia--The Libyan ambassador in Brazil, Bashir K. Fadel, yesterday denied reports that Brazil was becoming one of the principal suppliers of arms to the Arab countries.

The Arab diplomat stressed that the policy of the Arab nations is to diversify their arms suppliers to the maximum, adding that there are no military attaches representing Arab governments in the diplomatic representations in Brazil or any other country.

The Libyan ambassador stressed further that one of the main economic interests with regard to Brazil is to increase the purchases of Brazilian farm products. The initial contacts, Ambassador Fadel stressed, have already been made through the Foreign Ministry and the bids are already being analyzed by the Libyan Government.

Farm Products

Rio de Janeiro JORNAL DO BRASIL in Portuguese 7 Jun 79 p 4

[Text] Brasilia--Libyan Ambassador Bashir Kahalil Fadel acknowledged yesterday that his country wants to purchase large quantities of farm products in Brazil in the coming years. The initial contacts have already been made with Brazilian companies through the Foreign Ministry and the bids are already being studied by the Libyan Government.

Libya intends to invest about \$7 billion during the next 4 years on the agricultural development of the country, in accordance with the 5-year plan currently underway, the ambassador said, and Brazil figures in the government's plans with reference to the supplying of both grains and material.

Bashir Fadel also announced that a branch of the Arabian Latin American Bank (Arlabank), which now has a branch only in Lima, Peru, would be opened this year in Rio de Janeiro.

Transport Rates

Ambassador Fadel said that the prices of farm products offered to Libya are competitive with world market prices but the only problem continues to be the high sea transport rates. In this connection, he pointed out that the Arab-Brazilian Chamber of Commerce had sent a memo to President Joao Baptista de Figueiredo this week referring to the subject. In the opinion of Ambassador Fadel, the Arabs are going to continue to propose to Brazil the creation of a mixed capital shipping company to make it possible to reduce the prices of the products exported by Brazil. The topic may be discussed in the Foreign Ministry by Prince Ibn Aziz Fahed of Saudi Arabia during his visit to this country within the next few weeks.

Visit

The Saudi Arabian minister of agriculture, Abd al-Rahman Al al-Shaykh, will be in Brazil within a few days on his return-trip to learn the planting methods for various products in the country. He arrived in Rio yesterday enroute to Argentina where he will be going today.

The Saudi minister will return to Brazil at the invitation of Minister Delfim Netto with whom he will meet in Brasilia early next week. There is the possibility of Brazil providing farm technology to Saudi Arabia in the near future.

PLO

He spoke at the Galeao International Airport yesterday about Brazil's recognition of the Palestine Liberation Organization (PLO).

"All Arab countries have a single point of view regarding their interests. It is obvious that the measure pleased us deeply and I take this opportunity to express my sincerest thanks to the Brazilian Government, an opinion that is endorsed by all the other countries in the Arab community."

8711

CSO: 3001

FIRST TRANSFER OF TECHNOLOGY TO MULTINATIONAL ARRANGED

Rio de Janeiro O GLOBO in Portuguese 2 Jul 79 p 15

[Text] Sao Paulo--For the first time, a native industry is supplying technology developed in the country to a multinational industry. This week, Dacunha Q.T. Engineering, Industry and Commerce, Inc, signed the license with Volkswagen-Chrysler for the manufacture of truck suspensions developed by the Brazilian firm. According to the contract, Dacunha will receive from the foreign companies royalty payments equivalent to 5 percent of the net sales price of the trucks.

O GLOBO was told by engineer Reynaldo Carceroni, Dacunha's commercial director, that the companies also signed another contract whereby Dacunha will provide engineering services for the development of Volkswagen trucks at a price of \$181,000 (4.1 million cruzeiros), including component designs and their application to the vehicles.

The suspensions will also be used on the new line of 6X4/6X2 alcohol-driven canebrake trucks that Volkswagen-Chrysler will introduce on the market in 1980, which will be mass-produced and have an 18-ton capacity. Carceroni is of the opinion that these suspensions, which were tested in Germany by Volkswagen, should be used in about 2,000 trucks per year starting in 1980; because Dacunha is already negotiating with General Motors and Ford for the license to use them. This contract will be concluded on terms slightly different from the former one, because in the transaction carried out with VW-Chrysler, it was stipulated that these firms would manufacture the suspensions for their own lines of trucks, and would also supply them to Dacunha Q.T., which would sell them to General Motors and Ford. This is because the contract forbids the manufacturers to market the product with third parties.

The contract signed between the companies is of special significance to the Brazilian owners of Dacunha, not only because it represents the first supply of native automotive technology to foreign firms, but also because it has released them from the fruitless battle waged during the past 3 years to obtain government backing, through financing from FINEP [Corporation for Financing Studies and Projects], for the production of this pioneer equipment.

Immediate Interest

Carceroni related that, 3 years ago, a group of friends who are engineers and designers, all of whom had lengthy experience in the development of designs for special vehicles, especially military types (armored vehicles on disks and amphibious types), decided to form their own engineering and design company: Q.T. Engineering and Equipment, Inc. The goal was to start with a product which would represent the mainstay for the new firm. The design for a truck traction system was selected (the group's specialty), one which was considered quite promising in view of the government's plans for expanding agriculture and for PROALCOOL [National Alcohol Program].

As Carceroni remarked, this was how the design for the truck traction system came into existence, and that for the suspension as well, "which was revolutionary for the sector in view of the technology that was used." He claimed that, when it was submitted to the assembly units established in the country and to the component industries, it evoked particular interest because it is a unique system which can have any type of application on light and medium-sized trucks already existing in the country. As he explained, up until now all the technology used on similar types that exist here has been of foreign origin.

In 1976, this design was ready and had been tested, a fact which prompted the heads of Q.T. to seek financial backing from the government agencies, particularly FINEP.

The request to the latter agency was submitted in January 1977. In April, the agency considered the financing possible. In June, the firm's owners submitted the details of the financing plan for implements, specialized manpower, and the purchase of equipment for quality control and the production of prototypes, with an estimated cost of 20 million cruzeiros.

2909

CSO: 3001

BRAZIL

PRELIMINARY ESTIMATES OF RECENT FROST DAMAGE RELEASED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Jun 79 p 33

[Text] Rio de Janeiro--The loss in the next coffee harvest (1980-1981) will amount to 7 million sacks, reducing the crop from 26 million to 19 million sacks, according to what was revealed yesterday by the president of the Brazilian Coffee Institute (IBC), Octavio Rainho Neves, when he announced the results of the survey conducted by institute experts in the areas affected by the recent frost in Sao Paulo, Parana and Minas Gerais.

According to the president of the IBC, the decrease in the 1980-1981 harvest will require "more alert and judicious" marketing. It has already caused a rising trend in coffee prices on the international market. The frost also has reduced the present crop by 1,850,000 sacks. Its total will drop from 21.3 million to 19.5 million sacks.

The president of the IBC pointed out that a preliminary estimate is involved, because a more detailed examination of the situation will be made only in August. He revealed that the losses in the next harvest were most pronounced in Minas Gerais, with a decrease in the crop from 7.5 million to 4.1 million sacks, equal to a 45-percent loss.

In Sao Paulo, anticipated production amounted to 7 million sacks, but the cold spell has decreased that estimate by 1.9 million. The crop is now estimated at 5.1 million sacks.

In Parana, the decline in the harvest reached 20 percent, with a reduction from 8.4 million sacks to 6.7 million. Even so, IBC believes that future weather conditions may affect recovery of the plantations and the present loss estimate.

The frost has affected 34 percent of the country's coffee population. Of a total of 3,393,000,000 coffee trees, 1,164,000 have been affected in various ways. The frost affected 515 million coffee trees only on the leaves and branches. A total of 366 million buds and 283 million coffee trees were affected down to the trunk. By producing states, the greatest

damage was in Minas Gerais, which had 502 million coffee trees damaged by frost action. Sao Paulo is in second place, with a total of 410 million coffee trees damaged, and Parana, with 252 million coffee trees affected.

Yesterday, the IBC auctioned 20,481 sacks of coffee on the Sao Paulo Commodity Exchange. Quotations for the product fluctuated between 3,300 cruzeiros and 3,751 cruzeiros per 60-kilogram sack with the addition of the ICM (tax on movement of merchandise) value. By decision of the autonomous agency, there was a 100-cruzeiro increase in the minimum registered price per sack and all lots were marketed in the period of an hour.

Quotations for choice coffee ranged between 3,601 cruzeiros and 3,751 cruzeiros per sack. Middling coffee was marketed on the basis of 3,530 cruzeiros and low-grade coffee had prices fluctuating between 3,300 cruzeiros and 3,412 cruzeiros. The coffee sold came from Maringa, Cianorte, Nova Esperanca, Umuarama (Parana), Varginha (Minas Gerais) and Colatina (Espirito Santo). There will be no auction today because of a holiday.

The president of the IBC revealed, in Rio de Janeiro, that auctions on the Sao Paulo Commodity Exchange may be discontinued, if the crop flows normally.

10,042

CSO: 3001

CUBA

RAUL CASTRO PRESIDES OVER FAR ACADEMY GRADUATION

Havana Domestic Service in Spanish 1045 GMT 14 Jul 79 FL

[Text] Army Gen Raul Castro, second secretary of the PCC Central Committee and minister of the Revolutionary Armed Forces (FAR), has presided over the graduation of the various courses of the Gen Maximo Gomez FAR Academy. Div Gen Senen Casas Regueiro, first vice minister-chief of the FAR General Staff, and Brig Gen Sixto Batista Santana, vice minister of the FAR and chief of the FAR Central Political Directorate, both members of the party Central Committee, attended the ceremony along with FAR vice ministers, commanders and officers and Soviet military specialists.

Brig Gen Leopoldo Cintras Frias, member of the PCC Central Committee, made the closing remarks, Lt Col Moises Velasquez, first deputy to the director of the academy, read the graduation order.

During the ceremony, which was held at the academy's auditorium, the FAR minister presented medals, awards and certificates to Lieutenant Colonels Sergio Alvarez Alamino, Ivan Perez Hernandez and (Israel Evora Capote) and Maj Jorge Ramon Gomez. These officials obtained the top grades in all the tests given.

Army Gen Raul Castro ordered that the students who obtained a classification of outstanding and gold medals be promoted to the higher grade 2 years [as heard] ahead of time. He also decided to advance by 1 year [as heard] the promotion of all who obtained the classification of ourstanding.

In his closing remarks, Brig Gen Leopoldo Cintras Frias said this has been the largest graduation since the establishment of the Gen Maximo Gomez Far Academy. He also discussed the good preparation of the students and the degree of demands applied in their instruction and tests. He added that the knowledge gained from the courses prepares the graduates to perform their duties and fulfill the tasks and positions that will be assigned to them.

Cintras Frias stressed the assistance given by the Soviet military specialists who have worked at the academy in an exemplary manner ever since the academy was established. And he concluded: [Begin Cintras recording]

On behalf of the FAR minister and my own, I congratulate you and we urge you to work with the same enthusiasm and dedication you have displayed so far. I am certain that you will perform with modesty and honor the tasks that may be assigned to you. Long live the 20th anniversary of the triumph of the revolution. (Shouts of viva) Long live the 26th anniversary of the assault on Moncada barracks. (Shouts of viva) Long live the Communist Party. (Shouts of viva) Long live our Commander in Chief Fidel Castro. (Shouts of viva) Fatherland or death, we will win. (Shouts of "venceremos," applause) [End recording]

CSO: 3010

FAR SCHOOLS GRADUATION CEREMONY HELD AT REVOLUTION SQUARE

[Editorial Report FL] Havana Domestic Service (only Radio Rebelde network) in Spanish at 1300 GMT on 14 July carries live coverage of Revolutionary Armed Forces (FAR) schools graduation ceremony being held at Revolution Square in Havana.

Coverage opens with the announcer reporting that the graduating classes are from the Gen Maximo Gomez FAR Academy, Military Technical Institute, Antonio Maceo Inter-Service School, Carmilo Cienfuegos Artillery School, Naval Academy and Merchant Marine Academy. He adds that Army Gen Raul Castro, second secretary of the PCC Central Committee, is presiding over the ceremony along with "other members of the Politburo, Secretariat and Central Committee" and other officials.

After Brig Gen Ulises Rosales del Toro inspects the units participating in the ceremony, an unidentified voice reads the graduation order. The announcer then reports that "detachments of officers" begin the presentation of certificates to the new graduates. While such presentation is taking place, excerpts of former Fidel and Raul Castro speeches are heard played over loudspeakers.

Following the presentation of certificates, an unidentified graduate reads the graduates' pledge as follows: "On this 26th anniversary of the assault on Moncada barracks, we, sons of the Cuban working and revolutionary people, upon graduating as officers of the FAR and being aware of the responsibility that we contract with our country, our working class, our people and our Communist Party, pledge to perform with firmness and loyalty the missions assigned to us by the Communist Party of Cuba--leadership vanguard of our people--and by the Government of the Republic of Cuba; and to always defend the national sovereignty and gains achieved in the building of socialism.

"We pledge to be standardbearers of the class nature of our FAR--uniformed people and loyal defender of the interests and ideology of the working class--by educating our subordinates in the principles of Marxism-Leninism. We pledge to be worthy heirs of the glorious militant tradition of our people and its working class and to be faithful continuators of the liberation army and rebel army following the example of the heroism, self-denial

and sacrifice of the forgers of our true and definitive independence-- Cespedes, Agramonte, Gomez, Maceo, Marti, Mella, Camilo, Che and Fidel.

"We pledge to [word indistinct] and intensify constantly the ties of [word indistinct] and militant fraternity with the armed forces of the fraternal socialist states, the revolutionary countries of Latin America and all nations that are struggling for their liberation; (?and to) raise with firmness the cause of proletarian internationalism.

"We pledge to proudly perform our duty of carrying high and with honor our position of revolutionary militarymen. We always will be faithful to our revolution and our party. Fatherland or death."

The pledge is followed by a message of greetings from the Jose Marti Organization of Pioneers read by a young Pioneer from the Isle of Youth.

Julio Camacho Aguilera, party first secretary in Havana City, is then introduced and begins speaking at 1325 GMT. He greets the graduates urging them to fulfill the responsibilities they may be assigned and continue the revolutionary traditions and defend the gains of the revolution. "In your daily work with the troops," he says, "keep in mind that our soldiers, still very young, have great responsibilities on their shoulders for the defense of the homeland. To help them and train them properly is the basic task of commanders and officers. It is the mission assigned to you by the party and it is what the FAR high command expects of you."

Camacho Aguilera goes on to say that "over these years of building socialism in our country, the party, the government and especially the commander in chief have given preferential treatment to all problems related to the development of our military institutions." This, he adds, along with the "fraternal assistance of the Soviet Union has helped us to have the necessary means and equipment to confront the hostility and aggression of imperialism and safeguard the gains of the revolution."

Camacho Aguilera further states that the graduation "is taking place within the framework of a national situation characterized by the efforts of all the people to carry on the tasks of the socialist revolution, especially those concerned with economic and social development and overcoming the difficulties generated by the high prices of the commodities and raw materials which we must acquire in capitalist countries."

In our capital, he says, the work aimed at preparing the city to host the nonaligned countries sixth summit conference in September "is particularly intensive." He adds that the residents of Havana City, aware "of the historic nature of this conference and of the role they must play as hosts," are preparing to fulfill their commitment.

On the international scene, Camacho Aguilera adds, the USSR and the other socialist countries continue gaining "successes of their policy of detente

and peaceful coexistence. It becomes more evident every day that the forces of reaction and imperialism are not capable of reverting the course of events in their favor." The signing of SALT II, he states, "is a new triumph of the positions of socialism and a great contribution of the Soviet Union to the cause of peace and social progress."

Continuing, Camacho Aguilera adds that the evolution of events in Latin America, especially in Nicaragua, "indicate the need for us to be alert, maintain the policy aimed at strengthening the country's defense potential and condemn opportunely and with the necessary energy the imperialist plans to impose its neocolonial plans on the nations of the continent."

Camacho Aguilera then concludes his remarks at 1340 GMT telling the graduates to "study hard, prepare yourselves with dedication, teach what you have learned and never lose the opportunity of learning from your superiors, comrades and subordinates." He further tells them that for revolutionary militaryman "nothing is as important as loyalty to the people, to the party and Fidel."

The national anthem is then played as the units begin passing in review. Coverage ends as the last unit passes in review at 1350 GMT.

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BRIEFS

TALKS WITH SRI LANKA--Carlos Rafael Rodriguez, vice president of the Cuban Councils of State and Ministers, and Ranasinghe Premadasa, Sri Lanka's prime minister and minister of defense and economy [as heard], have met in Colombo. The talks were in connection with the efforts of the two countries for their economic and social development and preparations being made for the nonaligned countries sixth summit conference to be held in Cuba in September [Text] [Havana Domestic Service in Spanish 2239 GMT 12 Jul 79 FL]

CARIFESTA GREETINGS TO DELEGATIONS--On the occasion of the upcoming arrival in a Cuban port of the "Veinte Aniversario" ship which is bringing various artistic delegations to the 1979 Caribbean Arts Festival (CARIFESTA) Julio Garcia Espinoza, general director of the festival, has sent them a greetings message. The documents state that with these groups, which are traveling aboard a Cuban ship, CARIFESTA-79 has begun and that the presence of representatives of St Kitts-Nevis, St Lucia, Montserrat and St Vincent aboard the "Veinte Aniversario" is of special importance. The statement says that our people have learned about this with great happiness and they are preparing to welcome you with all the hospitality you deserve. [Text] [Havana Domestic Service in Spanish 1000 GMT 13 Jul 79 FL]

INVITEES TO CARACAS LITERARY CONGRESS--Essayist and historian Raul Roa, who is vice president of the Cuban People's Government National Assembly, and novelist Alejo Carpentier are among the persons invited to the 19th International Congress of Spanish-American Literature to be held in Caracas. The congress will be held in the Venezuelan capital from 29 July to 2 August on the occasion of the 50th anniversary of the publication of the well-known novel "Dona Barbara" written by the late president of Venezuela, Romulo Gallegos. [Text] [Havana Domestic Service in Spanish 2300 GMT 12 Jul 79 FL]

'MININT' ON FIREARMS PROHIBITION--The Interior Ministry [MINIT] has issued a statement to the citizenry on the occasion of celebrating the Caribbean

Arts Festival, CARIFESTA-79, in our country which will coincide with the [Havana City] carnival festivities this year, 1979. The note states that the categorical prohibition to carrying sidearms or firearms in all areas where festivities or mass meetings of any type are held remains in effect. The MINIT points out the prohibition of shooting off firearms as expressions of jubilation, be it in areas of festivities or other places, and states that those violating this will be brought before tribunals. [Text] [Havana Domestic Service in Spanish 1045 GMT 12 Jul 79 FL]

TRAFFIC ACCIDENT REPORT--There was a total of 2,529 traffic accidents in Havana City in the second quarter of 1979, which caused the deaths of 82 people, injuring 973 others. Material losses totaled 157,930 pesos. In comparison with the same period in 1978 there is a significant reduction in collisions--818 fewer-- and in injuries--521 fewer. But deaths increased by 8 and economic losses rose by 60,000 pesos. [Excerpt] [Havana Domestic Service in Spanish 1600 GMT 9 Jul 79 FL]

USSR COLLEAGUE DECORATED--Manuel Cespedes Fernandez, Cuban minister of mines and geology, has presented Petr Lomako, USSR minister of nonferrous metallurgy, with the 20th anniversary [of the triumph of the revolution] medal. The Cuban minister of mines and geology also read the Cuban Council of State statement conferring the medal to the Soviet minister on the occasion of his 65th birthday. [Text] [Havana Domestic Service in Spanish 1100 GMT 12 Jul 79 FL]

NEW MONTHLY BEGINS PUBLICATION--A new entertaining and instructive monthly publication, the tabloid OPINA, will begin circulating throughout the country this month, July, which among other things will print classified announcements and exchange notices. This was reported to Radio Reloj by Lic Eugenio R. Balari, president of the Cuban Institute of Research and Orientation on Domestic Needs--the organization which is responsible for publishing the monthly. Balari stated that OPINA will be a link in correlating the various and complex aspects involved in production, distribution, services and the population's needs. He added that the content of the publication will be distinctly social and will be written in a simple and entertaining language explaining the life of our society. (Fernando Michelson), deputy director of the publication stated that the tabloid, OPINA, will consist of 64 pages on gazette paper printed in black-and-white with various photographs and prints, and with a new, distinct and very dynamic content for the entire population's enjoyment and interest. It will have classified section paid announcements on the sale of objects, exchanges and announcements on authorized service, and reportage and articles on news, reviews, humor and other sections. The section "En Casa" (at home) will deal with topics on the home and family, the care for children, fashions, decorating, gardening and other topics. The section on "Pista" (stage) will bring us current events in the area of culture, television, movies, theater, nightspots and the lives of our artists. OPINA will be a recreational and orientation publication with an initial printing of 100,000 copies which can be purchased at newsstands. [Text] [Havana Domestic Service in spanish 1425 GMT 11 Jul 79 FL]

COOPERATION AGREEMENT WITH MOSCOW--Oscar Fernandez Mell and Vladimir Promyslov, president of the government organs of Havana City and Moscow, respectively, signed an agreement in the Soviet capital today. The agreement calls for mutual cooperation. The protocol expresses the two sides' desire to cooperate in urban construction, drafting a general development plan for the two cities and in the construction and use of streets and roads. Fernandez Mell is in Moscow at the head of a delegation from the executive committee of the Havana City provincial people's government assembly invited by the government of the Soviet capital. The agreement signed today also calls for cooperation in organizing passenger and pedestrian traffic, repair of trucks and automobiles, organizing the construction of prefabricated housing and exchanging scientific and technical information. [Text] [Havana Domestic Television Service in Spanish 1700 GMT 13 Jul 79 FL]

ETHIOPIAN HAILS CUBAN FRIENDSHIP--Berhanu Baye, member of the Ethiopian Provisional Military Administrative Council, has declared that his country is proud of its friendship with Cuba, with which it will expand and strengthen fraternal cooperation. Baye met in Addis Ababa with Cuban Council of State Vice President Guillermo Garcia Frias who is the bearer of a message from Commander in Chief Fidel Castro to Mengistu Haile Mariam. [Text] [Havana Domestic Service in Spanish 1700 GMT 13 Jul 79 FL]

CSO: 3010

DEVELOPMENTS IN OIL INDUSTRY SURVEYED

Fields Ready for Production

Quito EL COMERCIO in Spanish 16 May 79 pp 1, 15

[Excerpts] There are 15 new oil fields with reserves totaling 160,711,000 barrels available for exploitation in the eastern part of the country. Their utilization depends on the immediate execution of a gradual program aimed at obtaining an additional production volume of 44,600 barrels per day by the year 1984, through the implementation of an attractive policy to encourage investment, as well as providing the Ecuadorean State Petroleum Corporation (CEPE) with the technical and economic resources to enable it to assume the task with the appropriate speed.

During a lecture held yesterday by engineer Ivan Bedoya, the head of production for CEPE, sponsored by the Pichincha Engineers Association, on the immediate possibilities for oil production in the eastern area, he cited the significant technical and economic aspects involved in utilizing the current hydrocarbon fields that are not being exploited, by carrying out a sound oil policy which, while protecting the nation's sovereignty, would provide the proper conditions for the entry of foreign capital, inasmuch as the country cannot make the large investments required by the plans for immediate implementation.

Four Fields in 7 Years

In an analysis of the current oil situation, engineer Bedoya stated that, between 1972 and the present, the Lago Agrio, Sacha, Shushufindi, Aguarico and Auca fields alone have provided nearly all of Ecuador's oil production. In June of last year, the Fanny 18-B and Mariana fields of CEPE-City and the Parahuacu and Atacapi fields of the CEPE-Exaco consortium were added to them; which is the reason for the fact that the productive potential of these fields has been undergoing a normal decline.

As the lecturer pointed out, the situation that has occurred implies that the daily production rate recently determined, amounting to 204,000 barrels for

the consortium's fields and 6,500 barrels for the CEPE-City fields, will necessarily decline unless new fields go into production or systems for artificial production or secondary recovery are established.

15 Fields Available

He said that there are 15 fields in the eastern area which could start producing oil immediately, inasmuch as recoverable reserves amounting to 160,711,000 barrels have been discovered.

He explained that, as a common denominator for the exploitation of the 15 fields, consideration has been given to the income return on the investment, particularly the time required for the return of the capital, depending on the social profitability of the plan; the geographical location; the proximity of the infrastructure for production and evacuation of the oil; and the volume of the reserves contained in each field, which is directly related to the possibilities for production and determines the economic investment made in the plan.

Gradual Production From the Fields

Engineer Bedoya described the use of the fields for extracting oil beginning this year and extending until 1984.

The daily production for 1979 would come from the Yuca field, in its first phase, and the Charapa field, with 4,800 barrels extracted; in 1980, there would be 10,800 barrels, from the Dureno and Yuca fields, in their second phase; in 1981, there would be 14,300 barrels, from the Bermejo, Coca and Cononaco fields; in 1982, there would be 12,700 barrels, from the Tiguino, Shiripuno and Tivacuno fields; in 1983, there would be 6,000 barrels, from the Cuyabeno and Pucuna fields; and, in 1984, the Primavera, Yuturi and Tiputini fields would provide 6,800 barrels, making a total additional daily production of 44,600 barrels for the last-mentioned year.

The relationship between reserves and production, in addition to maintaining a policy for conserving reserves, takes the economic factor into consideration, so that the investment required for putting a new field into production can be justified and made attractive. He pointed out that the use of a ratio of between 5 and 20 is recommended, based on the status of the available reserves in the fields which have been discovered to date, a standard that has been adopted by other oil producing countries.

Moreover, engineer Bedoya explained that, based on the production statistics for past years, and taking into account the normal operational problems, an average of 310 actual production days was adopted in estimating the daily rate.

The Production Will Be Balanced

The program submitted by the CEPE official indicates a reality associated with the immediate period, as he explained, from which one infers that the

new proven reserves which may enter the exploitation phase constitute only a small amount compared with the reserves currently being exploited, and that, therefore, their contribution to production will also be slight, or will merely serve to balance for a while the decline in the present production fields.

Mechanism for Improving Current Production

In commenting on the current production, he said that an additional system directed toward this end would be the establishment of the mechanism of secondary recovery, using water injection, particularly in the deposits of the Napo formation in the Sacha and Shushufindi-Aguarico fields, the results of which could bring about an increase in the recoverable reserves and afford improvement in production.

He added that the large sums of money required for the execution of a plan of this nature automatically increase the production costs, and hence reduce the profit per barrel of oil on the market.

Construction of Offshore Terminal

Quito EL TIEMPO in Spanish 19 May 79 p 1

[Excerpts] The Ecuadorean State Petroleum Corporation has assigned to the British firm of consulting engineers and architects, Sir William Halcrow and Partners, the planning and supervision of the construction on the second phase of an offshore maritime terminal to remove products derived from petroleum from the recently constructed Esmeraldas refinery.

The first phase of the project, which was also carried out by the aforementioned consulting firm, included a temporary solution for removing certain refined products, and it went into service at the end of 1977. This temporary solution involved the following underwater installations: eight pipelines for products and a manifold with hoses for loading tankers, located 4 kilometers offshore at a depth of 14 meters under water. This temporary terminal was built for tankers of up to 20,000 deadweight tons, and is connected to the onshore pipelines of the refinery's oil dispatcher.

The onshore pipelines extend for 6 kilometers from the Balao shore to the Esmeraldas refinery, crossing extremely hilly terrain. The underwater pipelines run from the Balao coast to the underwater manifold for 4.1 kilometers, and are buried under the shoreline section, then continue, supported by the underwater stratum. All the underwater pipelines are surfaced with concrete.

New Project

The new project involves a more extensive permanent facility, consisting basically of the removal of the underwater manifold, the extension of the underwater pipelines into the water and the construction of a loading island for tankers of up to 50,000 deadweight tons. The loading island will consist

of a central platform for dispatching products, a platform for auxiliary services, clusters of piles, and guard piers interconnected by service bridges.

The loading island will have a capacity for mooring two tankers simultaneously. All the structures will be coated with steel, and the underwater stratum will be fixed with tubular steel piles of great length.

The terminal will allow for the loading of various products, ranging from heavy fuel oil to liquified gas (LPG), and its capacity will meet the needs for maritime evacuation from the Esmeraldas refinery when its current production, which is 55,000 barrels per day, is increased to 130,000 barrels per day.

CEPE Should Operate Petroamazonas

Quito EL COMERCIO in Spanish 10 Jun 79 p 3

[Excerpts] Yesterday, in discussing the formation of the operating entity Petroamazonas, the minister of natural resources, Gen Eduardo Semblantes, said that Ecuador should run the oil consortium because it holds the majority of stock.

Discussion

With regard to the operating firm Petroamazonas, Minister Semblantes said that various aspects of the new enterprise are being discussed, including details which will be resolved as soon as possible.

He stressed that the country should maintain the management of the operating entity, since CEPE is the majority stockholder in the oil consortium that has been formed with the Texaco company.

He added that the main document that is under discussion will be completed as promptly as possible.

Resources for Several Years

In response to a question from newsmen regarding the proven oil reserves, General Semblantes claimed that there are sufficient resources for several years, depending on the rate of exploitation.

He noted that there are areas in the southeastern part of the country which have not yet been investigated, stating that he has called for bids on preparing an analysis of the deposits and that, based on the results, the production rates will be made compatible with the reserves that are determined.

CEPE Investments

Quito EL TIEMPO in Spanish 19 May 79 pp 1, 8

[Text] According to a study made by the Ecuadorean State Petroleum Corporation in which it evaluates its management, CEPE invested 12 billion sucres in the areas of hydrocarbon exploration, production, transportation, industrialization and marketing between 1972, the year of its creation, and 1978, inclusive.

Based on the document which has been made public, 5.595 billion sucres, representing 46 percent of the total, were invested in the production area; and 3.33 billion sucres were invested in industrialization, the basic facility for which is the Esmeraldas refinery. The investment in the transportation area, wherein storage centers and systems for moving products have been set up, amounted to 2.964 billion sucres; while 263 million sucres were invested in marketing.

An authorized spokesman stated that the corporation has financed these investments mainly with its own funds, originating in its commercial activities or in long-term loans that it has received from international financial institutions; thereby proving that there is a certain economic capacity in the enterprise which should be backed in order to achieve suitable progress in the construction of future projects.

The study, which will be part of the report on the activities that have been carried out, has made it possible to begin establishing a hydrocarbon infrastructure which the country has lacked in the past, especially in the areas of refining, storage, transportation and distribution of fuel, sectors that are regarded as strategic to the national economy.

It adds that these investments have, concurrently, made it possible to promote major exploration plans which will increase the 1978 production capacity. This applies to the fields run by the consortium which, in conjunction with the Texaco company, is arranging for the exploitation of the structures jointly with the CEPCO company in the northeastern section of the national territory.

One of the conclusions reached in the financial study is that the country now has a hydrocarbon infrastructure which it previously lacked; because all the projects which had been executed belonged to the foreign companies that were operating in the country, and were designed to supply a market which was far smaller than the present one.

2909

CSO: 3010

POLITICAL, ECONOMIC FACTORS CHALLENGE STROESSNER'S TENACITY

Paris FRANCE NOUVELLE [Communist Party weekly] in French 28 Apr - 4 May 79 pp 27, 28

[Article taken from a paper by Georges Deler, prepared for the French Committee of Solidarity and Support of the Paraguayan People, 5 rue du Renard, 85004, Paris]

[Text] Is Paraguay still the Paraguay of horrible prisons and convict jails, and of one of the most backward economic situations in Latin America? If not, how has it changed?

It is still, to be sure, an underdeveloped nation, and its people are poor. * But it must be acknowledged that since the beginning of the 1970's the growth rates of its gross domestic product have risen, to the point of greatly exceeding, in 1976 and 1977 (the last known figures) the overall average for Latin America: 7.5 and 11.7 percent, compared to 4.5 and 4.4 percent respectively.

This is because, on the one hand, Paraguayan agriculture has changed. It has assumed more importance compared to stock farming. Whereas stock farming is suffering from the decrease in world prices of meat and the restrictions imposed by the European Economic Community on imports of Latin American meat, the growth in agricultural production was 3.9 percent in 1975, 5 percent in 1976, and 9.4 percent in 1977. Thanks to cotton, the production of which increased 68.6 percent in value, and soy grain (increase of 39.9 percent in value, 27 percent in quantity), which is becoming the country's second largest crop, after yucca. Thanks also to the increase in cultivated land, to better yields, including yields for

*The gross domestic product per inhabitant was \$520.5 in 1977, while the Latin American average was \$1,065.8.

potatoes, Paraguayan tea, sugar cane, and so on. Thanks, finally, to the use of tractors, silos, and chemical fertilizers. All this, even in spite of the persistence of the great landed estates, in the hands of a few powerful men of the regime and of the oligarchy.

Itaipu Dam, Influx of Investments

On the other hand, the construction of the enormous Itaipu dam on the river Parana, on the Brazilian border, has a significance for Paraguay that is probably historic. It is true that the main beneficiaries of the 12.6 million kilowatts that this gigantic construction will produce starting in 1983 (six times the production of the Aswan dam!) are the Brazilians, and above all the few hundred multinationals settled in the southwest of this country. Paraguay's national interest does not have too much to hope for at this time.

However, as soon as the decision to build the dam was made, the growth indices, already on the increase since 1970, rose considerably, above all in the mining and construction sectors. Foreign investments rolled in, attracted by the prospect of cheap electrical energy, tax exemptions, the easy "repatriation" of profits, low paid labor; and the government utilized the international funds to build roads, bridges, a new infrastructure. Thanks to all of this, the balances of trade, accounts, and payments in Paraguay were equal or favorable.

In addition, what has appeared on the social, not to say political, level, as a consequence of the Itaipu construction, explains other changes.

A "National" Bourgeoisie? A Working Class Trying a New Experiment

It was against the dictatorship, which agreed to sell off very cheaply to Brazil the 6 million kilowatts that, by contract, belonged to Paraguay, that the bourgeoisie declared itself--through its organization, the UIP [Paraguayan Industrial Union]--in favor of using this energy to "give a definite stimulus to the country's development"; it even entrusted a German enterprise with "analyzing its energy needs for the next 5 years."

However, the new element, the significance of which for the future will probably be considerable, is that for the first time in Paraguay's history there are at Itaipu--and in the two or three hundred Paraguayan enterprises that have sprung up around its enormous work site--a concentration of more than 10,000 workers, working with modern methods and materials, receiving "regular" wages, food, and housing conditions, and undergoing

the hard experience of exploitation, also modern, by the multinationals. Whatever the degree of this exploitation, and the rate of frequent dismissals that cause a constant turnover in this new labor force, nothing seems to be able to prevent this experience from leading to the development of class awareness and to an ever more independent organization of working class struggles.

The Dictatorship Schemes Defensively

Moreover, it is a movement of national scope that has already made the dictatorship draw back on certain points. It has had to withdraw its concessions to Barzil on the subject of "cycling"* in the face of the public protest organized by all the opposition parties, and even by a fringe of its own "Colorado" party, by large sections of the masses, the intellectuals, and in addition the industrialists from the UIP. In 1977, again because of the opposition parties, Alfredo Stroessner was forced, in order to get himself reelected once again, to order Article 173 of the Constitution to be modified.

Since then he has had to scheme, release some ballast, grant the press more freedom, authorize a readjustment of wages that had been blocked for years, and above all -- above all! -- in 1977 and 1978 free the majority of the political prisoners who, for their part, were fighting in their jails with long hunger strikes with the support of public opinion and, in particular, the support of the Paraguayan church.

The example of its powerful neighbor, Brazil, and that of its dictatorship which now wants to be seen as "good natured," is this in the process of changing the political face of Paraguay? It is too early to judge, but certain events lead one to think so. Toward the middle of 1978, after so many years of divisions of the democratic forces caused by the dictatorship, a "major antidictatorial national agreement" was formed, which included the Authentic Radical Liberal Party,** the Revolutionary Party, and the Christian Democratic Party. In June, Deputy Domingo Laino, who is one of the leaders of the "Major Agreement," was arrested upon

*The Brazilians were demanding that the turbines of Itaipu produce a current with a "cycling" of 60 periods, whereas the users in Paraguay operate on 50. The Paraguayan dictatorship had capitulated.

**The Authentic Radical Liberal Party was established in 1978, leaving the old Radical Liberal Party, the right wing of which, in addition to being divided into tiny groups, was collaborating with the dictatorship.

his return from the United States. * Robert White, this nation's ambassador in Asuncion, protested very publicly, as did all national and international opinion; Domingo Laino had to be set free.

Last December, for the first time in its 11 years of precarious existence, the Commission of Human Rights of Paraguay organized the unimaginable: the First Congress of Human Rights; and all the press in the nation--even that of Alfredo Stroessner--reported it. (Because Robert White was at the opening meeting?)

From then on, there only remained a dozen or so political prisoners in Paraguay. The three leaders of the Communist Party of Paraguay, Antonio Maidana, Julio Rojas, and Alfredo Alcorta, after 19 years of unspeakable dungeons, were freed in 1977.

Finally, last February, in spite of governmental prohibition, the "Major Antidictatorial National Agreement" was publicly ratified, and there again all the press reported it. Then MOPOCO [Colorado People's Movement] joined it in its turn. ** The Paraguayan CP, still illegal, supports it explicitly. The "Major Agreement" demands a lifting of the state of seige, the liberation of all political and trade union prisoners, widespread amnesty, the demolition of the repressive forces, defense of national sovereignty, and so on.

A great hope. But it does without saying that the repressive system of the dictatorship remains intact, and threatening; that the imperialism of the United States--hoping that the regimes it supports can find themselves a less repulsive face--is not positive that Alfredo Stroessner is capable of governing without the force of bayonettes; that consequently, with regard to its strategy in the southern cone of Latin America, Washington will not allow Paraguay to go into an "uncontrolled skid." Which forces the Paraguayan people and their political forces into a struggle of a new kind, but still into a struggle.

*He was invited by WOLA [Washington Office on Latin America, "an ecumenical group concerned with human rights in Latin America. Domingo Laino was attending the Commission of Human Rights of the OEA [] and had conversations with members of Congress and of the State Department, asking for all financial aid to the Paraguayan regime to be stopped.

**MOPOCO is a nationalist wing of the dictatorship's Colorado Party. It broke with this party in 1959. It is clandestine, as is the CP.

VENEZUELA

COLLEGE OF ENGINEERS REPORT ON OIL DISCUSSED

Caracas RESUMEN in Spanish 17 Jun 79 pp 30, 31, 33

[Article by Gustavo Coronel]

[Text] During the 10th convention of the College of Engineers, held in Puerto Ordaz recently, document number one of the Public Interest Committee of the College of Engineers of Venezuela, a document on oil, was presented and withdrawn.

Since the college released this document to the press on 27 May, and since the president of the college, our esteemed colleague Roberto Chang Mota, requested that the document "be a subject of free discussion and analysis" by both the profession and by public opinion, I read the document carefully. My comments follow.

A. Beginning with the End

I would like to start my comments on the document by considering its final sentence, which says that it is necessary "to reach a balance that will enable us to face the future (of the oil industry) with a knowledge of the dangers awaiting us, but with the certainty that we have defined our goals and with confidence 'in the men who head our prime industry, without being encumbered by a past that might lead us to accept situations in which the good of our country might not be the guiding principle of our actions' (my emphasis added) [Section in single quotation marks].

As the readers will easily understand, this is a statement that is very serious, as well as being unfair and rude, a statement which exposes all the managers of the oil industry to a lack of confidence, if not to public contempt.

B. The Document's Recommendations

The document recommends the following:

1. "To carry out the program of changing refining standards in view of our own national interests, and not for the interests of the multinationals"; and,
2. "The urgency created by our appetite for light distillates should not cause us to accept any situation harmful to our interests."

These first two recommendations clearly refer to the process called "Flexicoking" patented by Exxon, to be used at Amuay. This process was properly approved by the ministry of energy and mines in 1978, because if it had not been approved, it would not be in the process of installation now. The college should not confuse the difference between technical or management level opinions with a position of institutional confrontation. I have no doubt that in the MEM [Ministry of Energy and Mines] and even in PDVSA [Venezuelan Petroleum Corporation], there are some who prefer other processes rather than "flexicoking" for Amuay, and it is clear that there are some foreign consultants who appear to differ with this decision, but it is one thing to disagree with a management decision on technical or managerial grounds, and is something else to attack a management decision on other less professional grounds. The essence of democratic participation is to be able to express one's opinion freely and then to hope that the decision to be made by the appropriate organizations will be the best one possible. If perhaps our opinion is not the one chosen, we should not therefore leap to an assumption of bad faith or dishonesty on the part of those who do not share our opinion, in order to discredit them.

3. "Representatives of the College of Engineers of Venezuela should be present in all phases of bidding on projects or services that affect the national interest."

In the first place, here we have to ask what projects and services there are that do not affect the national interest? All such projects affect it to a greater or lesser extent. For both large and small bids, the petroleum industry has very clearly defined standards for bidding and contracts, with well defined bidding committees. On these committees there are invariably engineers from all specialties; all of them are members of the college and are therefore de facto representatives of the college.

4. "The Board of Directors of the Venezuelan Petroleum Corporation should include a representative of the College of Engineers to represent the professional and technical sector, just as it has a representative from the working class."

On the board of the Venezuelan Petroleum Corporation there are: the engineer Rafael Alfonso Ravard, the geologist Jose Rafael Dominguez, the petroleum engineer Jose D. Casanova, the petroleum engineer Luis Plaz Bruzual, the petroleum engineer Jose Martorano, and the chemical engineer Manuel Ramos, in addition to this writer. The majority of these professionals are members of the College of Engineers and they are therefore de facto representatives of the College of Engineers. They are not appointed by the college, because this would be against the law. If the engineers appointed their director, why shouldn't the attorneys, economists, administrators, and public accountants do the same? Is it perhaps that the petroleum industry does not have a great many professionals in these specialties? And what about doctors, journalists, and the National Council of Universities? If this recommendation were adopted, it would open the doors to an endless chain of requests that have not been made until now.

5. "The involvement of the multinationals in the bidding process should be passive, and not controlling, as it has been so far."

It is not true that the bidding conducted by the petroleum industry is controlled by the multinational firms. The bidding is directed by the firms which are operating subsidiaries of the Venezuelan Petroleum Corporation: tankers, civil engineering work, engineering studies, design of refineries, construction of secondary recovery systems, gas or water injection plants, geological or geophysical studies. The final decision is always Venezuela's. There is no foreign "control"; they don't "force" anything on us, they haven't "enslaved" us, "hypnotized" us, "bought us out," or anything else like that. The authors of the document that we are discussing should have spoken with their colleagues who are heads of the operating subsidiaries: the geologist Guillermo Rodriguez Eraso, the petroleum engineer Bernardo Diaz, the geologist Juan Chacin, or with Alberto Quiros, who is not an engineer, but who does know the industry thoroughly. When such comments are made lightly, there is the danger of unintentionally damaging the reputations of many engineers who work in the industry. Recommendations 6 and 7 contain nothing that deserves our special attention here.

C. The Document Itself

It would take too long to analyze the entire document. Here I will list some of the statements in the report with which I must disagree.

1. Refining

"We have never had refineries in the modern sense of the word."

All students of the petroleum industry know the historic reasons which led to the establishment of our refineries, which are essentially designed for the production of residual fuels. That is why today we need a change of the refining standards to improve the production of distillates and gasolines in these refineries, and to enable them to improve the quality of the residual fuels processed in them. That is what we are doing.

"The process of prequalification and selection of contractors has been left up to the judgment of the particular multinational involved." Never has the selection of the process, the selection of the contractor been delegated. Never has a decision on the course to be followed in the field of refining been delegated. What is obvious here, once again, is the lack of confidence. To dispel this lack of confidence, we have in the college a disciplinary tribunal. Let us make use of these institutional channels.

2. Technology

"The marked dependency of our petroleum industry has intensified after nationalization." This is not true. We have identified and we are using new sources of aid in this field and the INTEVEP [Venezuelan Petroleum Technologies Institute] is already a reality.

"An engineer calculated that if the petroleum industry hired all the petroleum engineers who would be graduated until 1982 and they did no useful work at all, the cost of production would increase only 3 cents (U.S.) a barrel, while we are paying the multinationals over 40 cents per barrel for technical assistance."

The engineer who said this may have excellent intentions, but I sincerely hope he never manages to be in a position to put his theory into practice. The petroleum industry has never

followed, does not now follow, and should never in the future follow an "open door" policy. Where there is an open door, people enter without paying. When people do not pay to enter, the first thing to disappear is the concept of excellence. Hundreds of new professionals have joined the nationalized petroleum industry; their hiring was based on a careful selection process, but the payment for entry has been and will always have to be individual excellence, good academic performance, seriousness, dedication, a desire to work, and intellectual honesty. No one should come into the petroleum industry by decree, by friendship, by political party membership, or by the application of the law of mediocrity, or by rights acquired, or by a distorted, demagogic, and populist concept of democracy. When this happens, if it ever does, we won't be able to talk just about 3 cents per barrel" added onto the cost of production, but unfortunately we would have to talk about the liquidation of an operating system, the destruction of a healthy organization, the corruption of an industry that until then had been efficient. Also, if we carried this engineer's theory to the point of absurdity, we might have to "incorporate" in the petroleum industry all the professionals in other specialties, and this would only increase our cost of production by perhaps another 20 cents per barrel.

"The damage caused by the statements of representatives of the Venezuelan Petroleum Corporation (about human resources) 'and their refusal to recognize their mistake could be termed almost criminal.' "(my emphasis added) /Section in single quotation marks/.

Is this decent language for an official committee of the College of Engineers? I don't think so. It is rather the language used by factions involved in an attack, in which some valuable attempts at analysis are mixed and diluted with low blows.

3. Service Enterprises

This is a fairly well written section, to be discussed on a technical level by Venezuelan professionals responsible for this activity and for the industry, in the certainty that many -- if not all -- of the causes for uncertainty will soon disappear.

4. Exploration

"The static position of our proven reserves indicates to us that our exploratory efforts to date have not been sufficient."

I am in total agreement with this. But let us just mention that for the last 20 years exploration in Venezuela has been paralyzed or semiparalyzed. The policy of no more concessions and the very limited planning horizon due to the imminent reversion caused a serious under-investment in exploration. Now, since nationalization, we have begun to turn this situation around, but it is not possible to do so overnight. In 3 years, the nation has tripled its investments in exploration. It will be some time before we can see the results of these efforts. Whoever says (and it has been said) that, after 6 or 7 dry wells in the continental shelf, the nationalized industry has failed in its exploration work, is on the verge of unscrupulousness. On the continental shelf of the United States, a very experienced petroleum country, over 50 wells were drilled without one discovery of commercial value. If there is commercially valuable petroleum in Venezuela's continental shelf, we will find it. If there are no hydrocarbons of commercial value there, we can't invent them.

"The INTEVEP must develop an exploratory capability so that it can combine the equipment and personnel needed to maintain an exploratory effort to enable us to discover sources of hydrocarbons to make up for the depletion of deposits now in production."

The INTEVEP is a research enterprise, not an operating firm. A lack of knowledge about the role that each organization has to play in the development of the nationalized petroleum industry has been the source of almost all the difficulties and problems that we now have. What has been said at the highest levels of petroleum circles is:

- a. The minister of energy and mines represents the nation in dealing with the industry and formulates and enunciates the nation's petroleum policy.
- b. The ministry of energy and mines and the petroleum industry advise the minister on the formulation and enunciation of this policy.

- c. The ministry of energy and mines supervises and controls the industry regarding its compliance with the Hydrocarbons Law and its regulations, as has always been done.
- d. The Venezuelan Petroleum Corporation plans, programs, and coordinates the industry.
- e. The operating subsidiaries manage and carry out the jobs that must be done by industry under the coordination of the Venezuelan Petroleum Corporation.
- f. INTEVEP is a research organization.

5. Organization

The document makes three recommendations on the organization of the nationalized industry.

1) "The separation of functions between the ministry of energy and mines and the Venezuelan Petroleum Corporation should be maintained, and the ministry should recover its functions of guidance and supervision that it had before nationalization of the industry."

The ministry of energy and mines has not lost any of its guidance and supervision functions. It is the ministry of energy and mines which approved the "Flexicoker" for Amuay and the transfer of activities of the Orinoco area to the Venezuelan Petroleum Corporation; and it is the ministry which approves on a technical basis the descriptive reports on all the industry's projects; it also severely supervises compliance with the Hydrocarbons Law. What the ministry should definitely not do, since it was for this very reason that the Venezuelan Petroleum Corporation was established, is manage the petroleum industry. The ministry can set for industry the major outlines of what should be done, but the Venezuelan Petroleum Corporation is the organization that decides how to do it, so long as its methods do not violate provisions of the Hydrocarbons Law and its regulations, or do not harm the national interests; in such a case, the stockholder -- represented by the minister of energy and mines -- can and must act to remove the directors of the Venezuelan Petroleum Corporation.

2) "The attachment of the petrochemical industry to the Venezuelan Petroleum Corporation should be considered a temporary step."

The attachment of the petrochemical industry to the Venezuelan Petroleum Corporation was certainly a much discussed step, and one which certainly merited discussion. The dismal record of the petrochemical industry is the best example of what political interference can do to an industry. Some of the greatest crimes against the nation were committed in the petrochemical industry. The College of Engineers should know this better than anyone else. The petroleum industry also knows it, and for this reason, it was not very pleased to get a bankrupt institute, one with severe organizational problems. This decision disturbed many of us who work in the industry, since this attachment not only did not promise to improve the petrochemical industry, but it also represented a real danger of damaging a healthier and better organized petroleum industry. Still, we have to admit that the decision made offered the only possibility of saving the petrochemical industry, and it does seem to be producing some positive results. Therefore, it appears undesirable that, once it is better organized and improved, the petrochemical industry should once again become independent and lose the spirit of a profitable firm that its association with the petroleum industry can give it and keep giving it. But this is a matter of energy policy that will be decided at the proper time and by the most appropriate levels.

3) "The existence of the Venezuelan Petroleum Corporation would be justified only if there were created a functional schema of subsidiaries: drilling, production, refining, transport firms, etc. If four integrated firms are maintained, they 'should compete freely under the technical and fiscal control of the ministry of energy and mines'"(our emphasis added) /Section in single quotation marks/.

This recommendation may be the most dangerous one in the entire document. The schema of functional subsidiaries was rejected unanimously 4 years ago, as being inefficient and inconvenient. This would be the structure that would make the worst possible use of the existing organizational infrastructures, the one which would most facilitate political interference and the mediocritization of the industry, and which, in a few short years, would convert the petroleum industry into a real bureaucratic labyrinth.

The second part of the recommendation is even worse: "Four enterprises competing freely under the technical and fiscal control of the ministry of energy and mines." The

college is forgetting one essential ingredient: the management aspect of coordination. The nation can not have four firms in open competition without some management effort of coordination and hierarchization of projects. This can only be done by a central management organization, a head office, in effect: the Venezuelan Petroleum Corporation or whatever name they may choose to give it. The ministry of energy and mines should not and can not manage and coordinate the petroleum industry. In the hypothetical case in which it should do so one day, who would supervise its activities and its coordination? The same ministry would both hand out money and take it back, keeping the change for itself? As this is simply not acceptable under any sensible management plan, we would then have to set up an organization to supervise the ministry, and we would once again have what we already have now without so many complications.

D. A Final Suggestion

The relative good success that the petroleum industry has had until now is due in large measure to the concept of a head office coordinating -- not operating; to the existence of a small brain which transmits coherent signals to a body which carries out its commands; and above all this structure, to the presence of a supervisory, not managerial entity, representing the owner of the business. Experimenting with these structures is dangerous. I at least, speaking as a member of industry and as a member of the College of Engineers of Venezuela, sincerely believe that the petroleum industry should not become a center for experimentation with new and unproven administrative methods.

I sincerely believe that the document of the College of Engineers on petroleum should be thoroughly revised, if it is to represent an objective opinion by the industry, and if it is to carry the force and prestige that an official document of our college should have. I am ready to help to work on this.

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VENEZUELA

BRIEFS

NEW NAVY HIGH COMMAND--The new Venezuelan Navy high command headed by Vice Adm Ernesto Reyes Leal was appointed yesterday. Capt Miguel Padilla Hurtado, director of information and public relations of the Navy General Command, reported the appointments, adding that the newly appointed admirals who will begin to take over their posts this week are the following: Rear Adm Julio G. Marquez Planas, inspector of the Navy, to replace Rear Adm Alfredo Bello Borges; Rear Adm Alfredo Jose Landa Saa, commander of the Marines, to replace Rear Adm Francisco Rafael Perez Hernandez; Rear Adm Jesus R. Bertorelli Moreno, chief of the Navy General Staff, to replace Vice Adm Elio Orta Zambrano; Rear Adm Rafael Vicente Carrillo Vasquez, personnel chief, to replace Rear Adm Jesus Bertorelli Moreno, Rear Adm Victor Manuel Nunez Rodriguez, adjutant general, to replace Rear Adm Alfredo Vegas Torrealba; Rear Adm Jesus Meneses Prince, Navy Logistics Chief, to replace Rear Adm Rafael V. Carrillo Vasquez; Rear Adm Arquimedes Jose Garcia Bastidas, Navy education chief, to replace Rear Adm Carlos Carratu Molina; Rear Adm Julio Cesar Fernandez Fossi, Navy operations chief, unfilled post; Rear Adm Jesus A. Taborda Romero, director of the Venezuelan naval school, to replace Rear Adm Julio G. Marquez Planas; Rear Adm Freddy Mota Carpio, commander of the Mariscal Juan Crisostomo Falcon Naval Base, to replace Rear Adm Ricardo Romualdo Hernandez Hernandez; Rear Adm Gustavo Enrique Baudet Chapellin, branch director general of comptrollership of the armed forces, to replace Vice Adm Ramon Jose Riera Paredes; Rear Adm Carlos Carratu Molina, branch director general of education of the Defense Ministry to replace Brig Gen (SN) Jesus Beltran Frontiveros Gonzalez; Rear Adm Ricardo Hernandez Hernandez and Carlos Pulido Salvatierra under the Defense Ministry. [Text] [Caracas EL UNIVERSAL in Spanish 11 Jul 79 pp 1-12 PA]

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